Province of
Newfoundland and Labrador

Financial Statements of Crown Corporations, Boards and Authorities
(A - M)

FOR THE YEAR ENDED
31 MARCH 2008

Newfoundland
Labrador

Province of Newfoundland and Labrador

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(A – M)

For The Year Ended
31 March 2008

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INTRODUCTION

The Financial Statements of Crown Corporations, Boards and Authorities are a reproduction of the available audited financial statements of various Government organizations as approved by the applicable boards of these organizations. This report is produced alphabetically in two books; A to M and N to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

Information on the financial position and results of operations of the Province for the 2007-08 fiscal year may be found in the following financial reports:

Public Accounts Volume I – Consolidated Summary Financial Statements

This volume presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Public Accounts Volume II – Consolidated Revenue Fund Financial Statements

This Volume presents the financial position of the Consolidated Revenue Fund and the results of its activities on an accrual basis.

Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund

This report presents the actual budgetary contribution (requirement) of the Consolidated Revenue Fund along with details on the actual revenues and expenditures, by program, using the modified cash basis of accounting.

The Financial Statements of Crown Corporations, Boards and Agencies is also available on the Government's website at: www.fin.gov.nl.ca/comptrollergeneral/publications.htm.

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Dr. H. Bliss Murphy Cancer Care Foundation (2007 & 2008)

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Newfoundland Government Fund (2004, 2005, 2006 & 2007)

Trinity-Conception-Placentia Health Foundation Inc. (2007 & 2008)

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Registrar of the Supreme Court (2008)

Workplace Health, Safety and Compensation Commission (2006)

BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES

FINANCIAL STATEMENTS – MARCH 31, 2008

NOSEWORTHY CHAPMAN
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To: The Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities as at March 31, 2008 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Noseworthy Chapman
Chartered Accountants
St. John's, Newfoundland & Labrador
May 23, 2008

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position
March 31, 2008

	2008	2007
ASSETS		
Current		
Cash	**$1,573,886**	$1,427,268
Receivables	**33,702**	38,466
Recoverable costs (Note 4)	**210,532**	626,004
Prepaid expenses	**7,867**	7,997
	1,825,987	2,099,735
Deferred costs – insurance review (Note 5)	-	237,352
Capital assets (Note 7)	**45,691**	46,101
	$1,871,678	$2,383,188
LIABILITIES		
Current		
Payables and accruals	**$ 168,376**	$ 186,197
Payroll accruals	**282,622**	487,536
Designated pension funds (Note 6)	**71,678**	31,025
	522,676	704,758
ACCUMULATED SURPLUS		
Invested in capital assets	**45,691**	46,101
Invested in designated pension funds	**(71,678)**	(31,025)
Internally restricted (Note 9)	**1,142,760**	1,051,389
Unrestricted	**232,229**	611,965
	1,349,002	1,678,430
	$1,871,678	$2,383,188

On Behalf of the Board

_______________ Chairperson and CEO

DWhalen _______________ Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations
Year Ended March 31, 2008

	2008	2007
Revenues		
Regulatory assessments	**$2,023,443**	$2,143,926
Insurance review assessments (Note 5)	**236,542**	-
Interest and other income	**50,305**	66,489
Pension income (Note 6)	**9,592**	10,415
	2,319,882	2,220,830
Expenses		
Amortization	**28,233**	20,157
Consulting fees	**92,126**	149,873
Insurance review costs (Note 5)	**236,542**	-
Office equipment, supplies and services	**60,656**	58,519
Pension obligations estimation adjustment (Note 6)	**50,245**	53,945
Rent and insurance (Note 11)	**183,418**	184,625
Salaries and associated costs	**1,412,482**	1,244,242
Telecommunications	**34,958**	42,061
Training and membership	**16,991**	13,263
Travel	**21,694**	34,421
	2,137,345	1,801,106
Excess of revenues over expenses	**$ 182,537**	$ 419,724

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Accumulated Surplus
Year Ended March 31, 2008

	2008					2007
	Invested in Capital Assets	Invested in Designated Pension Funds	Internally Restricted (Note 9)	Unrestricted	**Total**	Total
Balance as at beginning of year	$ 46,101	$ (31,025)	$1,051,389	$ 611,965	**$1,678,430**	$2,165,183
Excess of revenues over expenses	(28,233)	(40,653)	-	251,423	**182,537**	419,724
Assessment reductions (Note 10)	-	-	-	(511,965)	**(511,965)**	(906,477)
Invested in capital assets	27,823	-	-	(27,823)	-	-
Restricted during the year	-	-	91,371	(91,371)	-	-
Balance as at end of year	$ 45,691	$ (71,678)	$1,142,760	$ 232,229	**$1,349,002**	$1,678,430

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows
Year Ended March 31, 2008

	2008	2007
Operating activities		
Cash receipts from assessments and other revenues	**$ 1,812,681**	$ 1,413,723
Cash paid to suppliers and employees	**(2,331,717)**	(1,884,496)
Cash (used in) operating activities	**(519,036)**	(470,773)
Hearing and review activities		
Decrease (increase) in recoverable costs	**415,472**	(385,959)
Decrease (increase) in deferred costs – insurance review	**237,352**	(13,928)
Cash provided by (used in) hearing and review activities	**652,824**	(399,887)
Investing activities		
Purchase of capital assets	**(27,823)**	(9,770)
Decrease in designated pension funds	**40,653**	43,530
Cash provided by investing activities	**12,830**	33,760
Increase (decrease) in cash during year	**146,618**	(836,900)
Cash position as at beginning of year	**1,427,268**	2,264,168
Cash position as at end of year	**$ 1,573,886**	$ 1,427,268

1. General

The Board of Commissioners of Public Utilities is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province of Newfoundland and Labrador and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include: (a) the regulation of automobile insurance rates; (b) the regulation of, from June 8, 2004, fuel prices pursuant to the Petroleum Products Act; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations; and (d) to establish compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act* and as a Crown entity of the Province is not subject to provincial or federal income taxes.

2. Summary of significant accounting policies

These financial statements have, in all material respects, been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are set out below:

a) Operating revenues and expenses

Operating revenues and expenses are accounted for on the accrual basis.

b) Recoverable costs

Recoverable costs relating to regulatory hearings and specific enquiries held by the Board are accrued until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenses of the Board.

c) Capital assets

Capital assets are recorded on the Statement of Financial Position at their historical cost and are amortized as follows:

• Furniture and equipment	-	20% declining balance method
• Computer hardware	-	35% declining balance method
• Computer software	-	50% declining balance method
• Leasehold improvements	-	the lesser of five year straight-line and remaining term of the lease

d) Severance pay

Severance pay is accounted for on the accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

2. Significant accounting policies (cont'd)

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Board's management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes related thereto. Actual results may differ from those estimates.

3. Financial instruments

The Board's financial instruments consist of cash, receivables, recoverable costs and payables and accruals. Unless otherwise noted, it is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values, unless otherwise noted.

4. Recoverable costs

	2008	2007
Recoverable costs, beginning of year	**$ 626,004**	$ 240,045
Add – specific enquiry costs incurred during the year:		
Consulting fees	**328,198**	385,363
Consumer Advocate	**570,240**	328,901
Transcription and printing	**6,103**	6,727
Advertising and notice	**33,204**	44,367
Other	**4,458**	1,399
	942,203	766,757
	1,568,207	1,006,802
Less – costs recovered during the year	**1,357,675**	380,798
Recoverable costs, end of year	**$ 210,532**	$ 626,004

5. Deferred costs – insurance review

The Board incurred costs in the 2005, 2006 and 2007 fiscal years relating to the insurance industry review. These costs are deferred until all costs pertaining to a specific review have been accumulated and a special assessment issued. Assessment revenue and the related costs are included in the operating revenues and expenses of the Board.

6. Designated pension funds and pension obligations

Designated pension funds are disclosed in the Statement of Financial Position as net of the related pension obligation.

The Board maintains a defined benefit pension plan for two former commissioners. Designated pension funds have been established and consist of investments maintained in trust with RBC Dexia Investor Services Trust on behalf of these pensioners and are recorded at market value.

	2008	2007
Balance on deposit, beginning of year	**$ 319,575**	$374,605
Add – earnings net of expenses	**9,592**	10,415
	329,167	385,020
Deduct – benefit payments	**(65,445)**	(65,445)
Balance on deposit, end of year	**263,722**	319,575
Related pension obligation	**(335,400)**	(350,600)
	$ (71,678)	$ (31,025)

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated May 2, 2008. A pension obligations estimation adjustment of $50,245 (2007 - $53,945) is included in expenses in the fiscal year.

The Board also made pension payments to a former Commissioner in the amount of $22,477. These payments are paid directly by the Board out of operating expenses and are included in salaries and associated costs.

7. Capital assets

	2008			2007
	Original Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Furniture and equipment	$247,061	$226,614	**$ 20,447**	$ 16,250
Computer hardware	203,397	181,423	**21,974**	17,863
Computer software	22,373	20,823	**1,550**	2,384
Leasehold improvements	132,968	131,248	**1,720**	9,604
	$605,799	$560,108	**$ 45,691**	$ 46,101

8. Bank credit agreement

The Board has established a $1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%.

9. Internally restricted surplus

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2008 are as follows:

	2008	2007
Lease commitments	**$ 232,580**	$ 180,963
Payroll contingency	**73,514**	52,483
Redundancy pay contingency	**463,165**	474,407
Working capital	**373,501**	343,536
	$1,142,760	$1,051,389

10. Assessment reductions and subsequent event

Pursuant to Section 13(7) of the Public Utilities Act, the Board approved reductions in assessments to the electrical utilities, the insurance industry and the petroleum products industry in the amounts of $328,608, $43,786 and $139,571, respectively (total $511,965).

11. Lease commitments

The Board has the following lease commitments for the rental of office space in St. John's and Grand Falls-Windsor:

St. John's

a) lease agreement in the amount of $12,256 per month concluding May 31, 2008.
b) lease agreement in the amount of $17,417 per month commencing June 1, 2008 and concluding May 31, 2013.

Grand Falls-Windsor

c) lease agreement in the amount of $2,825 per month ($33,900 per annum), concluding February 28, 2010.

BULL ARM SITE CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Bull Arm Site Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Bull Arm Site Corporation as at 31 March 2008 and the statements of revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
3 June 2008

BULL ARM SITE CORPORATION
BALANCE SHEET

31 March	2008	2007
ASSETS		
Current		
Cash	$ 202,722	$ 28,913
Investments, at cost (Note 2)	123,834	204,417
Accounts receivable (Note 3)	62,421	9,315
Prepaid expense (Note 4)	87,068	161,091
	476,045	403,736
Investment property (Note 5)	1	1
Capital assets (Note 6)	630,397	775,433
	$ 1,106,443	$ 1,179,170
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	$ 97,024	$ 106,735
Performance bonds payable	-	9,135
	97,024	115,870
Distribution payable to the Province of Newfoundland and Labrador (Note 7)	1,009,415	1,063,296
	1,106,439	1,179,166
Shareholders' equity		
Share capital		
Authorized 100 common shares of no par value		
Issued 3 common shares	3	3
Equity in investment property	1	1
	4	4
	$ 1,106,443	$ 1,179,170

Contingent liability (Note 8)

See accompanying notes

Signed on behalf of the Board: **Chairperson** **Chief Operating Officer**

BULL ARM SITE CORPORATION
STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 March

	2008	2007
REVENUES		
Province of Newfoundland and Labrador		
- Operating grant	**$ 1,135,000**	$ 1,135,000
Lease and rental revenue	**42,162**	523,141
Interest	**12,426**	15,837
	1,189,588	1,673,978
EXPENSES		
Advertising	**12,928**	28,571
Amortization	**145,036**	172,022
Bad debt	**2,875**	-
Conferences	**-**	2,748
Grants	**35,000**	35,000
Insurance	**140,206**	168,372
Maintenance	**123,106**	187,599
Membership fees	**8,867**	7,429
Miscellaneous	**1,940**	1,962
Professional fees	**16,353**	22,731
Salaries and employee benefits	**189,388**	300,724
Security	**333,211**	299,072
Supplies	**2,469**	4,730
Telephone	**12,547**	11,410
Travel and entertainment	**1,300**	9,563
Utilities	**181,438**	199,513
Vehicle	**4,443**	11,448
	1,211,107	1,462,894
Excess of revenues over expenses (expenses over revenues) (Note 7)	**$ (21,519)**	$ 211,084

See accompanying notes

BULL ARM SITE CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	$ (21,519)	$ 211,084
Adjustment for non-cash items		
Amortization	145,036	172,022
Bad debt	2,875	-
	126,392	383,106
Changes in non-cash working capital		
Accounts receivable	(55,981)	185,671
Prepaid expense	74,023	(34,715)
Accounts payable and accrued liabilities	(9,711)	39,015
Performance bonds payable	(9,135)	(1,474)
	125,588	571,603
Cash flows from investing activities		
Purchase of capital assets	-	(130,027)
	-	(130,027)
Cash flows from financing activities		
Amounts paid to Province of Newfoundland and Labrador (Note 7)	(32,362)	(518,581)
Net increase (decrease) in cash and cash equivalents	93,226	(77,005)
Cash and cash equivalents, beginning of year	233,330	310,335
Cash and cash equivalents, end of year	$ 326,556	$ 233,330
Cash and cash equivalents include:		
Cash	$ 202,722	$ 28,913
Investments	123,834	204,417
	$ 326,556	$ 233,330

See accompanying notes

Authority

The Bull Arm Site Corporation was incorporated by the Province of Newfoundland and Labrador on 15 September 1995 under the *Corporations Act*. All shares of the Corporation are held by Ministers of the Crown on behalf of the Province. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

An agreement between the Province and the parties involved in the Hibernia project provided for the transfer of assets, known as investment property, at the Bull Arm Site to the Province. Investment property is defined in the agreement to include buildings, fixed equipment, living and recreational facilities, drydock, wharves, vehicles and other assets. In addition, the Corporation may accept investment property from other lessors of the Site upon termination of the lease agreements. The purpose of the Corporation is to receive and administer these assets at the Site. Investment property that is surplus to the future needs of the Corporation is either transferred for nil proceeds to the Province for its use or, if not required by the Province, disposed of to third parties.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Investment property

Management of the Corporation has concluded that it is not practical to determine the value of the investment property with sufficient reliability and thus investment property is recorded at a nominal value of $1. Any costs associated with obtaining the investment property are expensed as incurred.

(b) Capital assets

Capital assets are capitalized at cost at the time of acquisition. Contributions toward the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the methods described below based on the expected future life of the asset as follows:

Topsides module hall door	20% declining balance
Security building	4% declining balance
Computer equipment	30% declining balance
Office equipment	20% declining balance
Vehicle	30% declining balance

1. Significant accounting policies (cont.)

(c) Distribution payable to the Province of Newfoundland and Labrador

Each year, the surplus or deficit from operations is credited or charged to the Distribution payable to the Province of Newfoundland and Labrador account (see Note 7). This account contains the accumulated results of operations of the Corporation since its inception, less any distributions paid to the Province.

2. Investments

Investments of $123,834 (2007 - $204,417) in guaranteed investment certificates are valued at cost which approximates market value. Maturity dates range from 18 April 2008 to 6 March 2009 with interest rates from 2.00% to 2.55%. Investments totalling $0 (2007 - $9,135) are encumbered as they relate to suppliers' performance bonds.

3. Accounts receivable

	2008	2007
Harmonized sales tax	**$ 53,802**	$ 1,466
Trade	**7,929**	7,389
Interest	**690**	460
	$ 62,421	$ 9,315

4. Prepaid expense

	2008	2007
Insurance	**$ 42,700**	$ 125,696
Grants	**35,000**	35,000
Maintenance	**7,764**	-
Salaries and employee benefits	**1,196**	-
Membership fees	**408**	395
	$ 87,068	$ 161,091

5. Investment property

In March 1998, the Corporation accepted all remaining investment property from the Hibernia Management Development Corporation. In November 2001, the Corporation accepted investment property relating to the Terra Nova Project which remained on site following the expiration of a site lease with PCL Industrial Contractors Inc.

6. Capital assets

	2008				2007
	Cost	**Capital Contributions**	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Topsides module hall door	**$ 1,623,180**	**$ 500,000**	**$ 605,619**	**$ 517,561**	$ 646,952
Security building	**89,027**	**-**	**5,271**	**83,756**	87,246
Computer equipment	**16,464**	**-**	**14,449**	**2,015**	2,878
Office equipment	**6,246**	**-**	**4,530**	**1,716**	2,145
Vehicle	**45,672**	**-**	**20,323**	**25,349**	36,212
	$ 1,780,589	**$ 500,000**	**$ 650,192**	**$ 630,397**	$ 775,433

7. Distribution payable to the Province of Newfoundland and Labrador

The Minister of Finance is authorized to invest any surplus from operations. Surpluses from operations are to be paid into the Consolidated Revenue Fund of the Province of Newfoundland and Labrador but there are no set terms of repayment. The change in the distribution payable to the Province of Newfoundland and Labrador for the year is as follows:

	2008	2007
Balance, beginning of year	**$ 1,063,296**	$ 1,370,793
Amounts paid to Province	**(32,362)**	(518,581)
Excess of revenues over expenses (expenses over revenues)	**(21,519)**	211,084
Balance, end of year	**$ 1,009,415**	$ 1,063,296

8. Contingent liability

The Corporation has agreed to store used tires at the Site on behalf of the Multi-Materials Stewardship Board until the recycling phase of the used tire recycling program begins. The Corporation does not receive any lease or rental income for providing this storage. Based upon legal advice obtained by the Corporation, it is the legal guardian of the tires and any possible liabilities arising in relation to the storage of the tires is the responsibility of the Corporation. The Corporation has directed legal counsel to seek an indemnification from any liabilities associated with the storage of used tires at the Site from the Multi-Materials Stewardship Board.

9. Related party transactions

The Province of Newfoundland and Labrador has provided office space, office equipment and furnishings, and legal services at no cost to the Corporation. These contributions are not reflected in these financial statements. Salaries and benefits for certain employees of the Corporation are paid directly by the Province of Newfoundland and Labrador and the Province is reimbursed by the Corporation.

10. Financial instruments

The Corporation's financial instruments recognized in the balance sheet consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

11. Acquisition of Corporation by Energy Corporation of Newfoundland and Labrador

In March 2008, the Province authorized the Energy Corporation of Newfoundland and Labrador to acquire the outstanding shares of the Corporation for $1 and to maintain it as a subsidiary of the Energy Corporation of Newfoundland and Labrador. The acquisition process is presently ongoing.

12. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes.

13. Comparative figures

Certain figures from the 2007 financial statements have been reclassified to conform with the basis of presentation used in 2008.

BUSINESS INVESTMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Business Investment Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Business Investment Corporation as at 31 March 2008 and the statements of equity, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
16 May 2008

STATEMENT 1

BUSINESS INVESTMENT CORPORATION
BALANCE SHEET

31 March	2008	2007
ASSETS		
Cash (Note 2)	$ 16,008,226	$ 14,628,006
Loans and equity investments (Note 3)	8,947,471	9,313,036
Long-term investments (Note 4)	9,422	9,422
	$ 24,965,119	$ 23,950,464
LIABILITIES AND EQUITY		
Borrowers' deposits	$ 68,517	$ 68,517
Equity	24,896,602	23,881,947
	$ 24,965,119	$ 23,950,464

Contingent liabilities (Note 5)
Commitments (Note 6)

See accompanying notes

Signed on behalf of the Board: Bob Healey

Chairperson

Director of Portfolio Management

BUSINESS INVESTMENT CORPORATION
STATEMENT OF EQUITY

For the Year Ended 31 March	2008	2007
Contributed capital (Note 7)		
Balance, beginning of year (Note 8)	**$ 52,843,509**	$ 54,850,523
Aquaculture Working Capital Fund reserve (Note 2)	**9,237**	3,800
Pre 2006 contributions disbursed as grants	-	(54,559)
Principal written off, net of recoveries (Note 3)	**(2,843,777)**	(1,956,255)
Balance, end of year	**50,008,969**	52,843,509
Deficit		
Balance, beginning of year (Note 8)	**(28,961,562)**	(33,345,576)
Excess of revenues over expenses	**1,005,418**	2,427,759
Principal written off, net of recoveries (Note 3)	**2,843,777**	1,956,255
Balance, end of year	**(25,112,367)**	(28,961,562)
Equity, end of year	**$ 24,896,602**	$ 23,881,947

See accompanying notes

BUSINESS INVESTMENT CORPORATION
STATEMENT OF REVENUES AND EXPENSES

For the Year Ended 31 March	2008	2007
REVENUES		
Interest on loans	**$ 513,739**	$ 1,014,826
Other investment income	**622,465**	557,174
Contributions from Province		
Business Marketing and Development Program	**1,000,000**	1,000,000
Other Provincial contributions (Note 10)	**870,557**	587,062
Recovery in value of loans receivable and equity investments (Note 3)	**-**	413,068
	3,006,761	3,572,130
EXPENSES		
Business Marketing and Development Program	**705,399**	552,926
Provision for decline in value of loans receivable and equity investments (Note 3)	**424,503**	-
Operating expenses (Note 10)	**870,557**	587,062
Miscellaneous expense	**884**	4,383
	2,001,343	1,144,371
Excess of revenues over expenses	**$ 1,005,418**	$ 2,427,759

See accompanying notes

BUSINESS INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
Cash flows from operating activities		
Excess of revenues over expenses	$ 1,005,418	$ 2,427,759
Adjustments for non-cash items		
Provision for decline (recovery) in value of loans receivable and equity investments	424,503	(413,068)
	1,429,921	2,014,691
Cash flows from investing activities		
Increase in loans and equity investments	(3,534,040)	(3,368,881)
Collection of loans and equity investments	3,475,102	2,766,782
	(58,938)	(602,099)
Cash flows from financing activities		
Pre 2006 contributions disbursed as grants	-	(54,559)
Aquaculture Working Capital Fund reserve	9,237	3,800
	9,237	(50,759)
Net increase in cash	1,380,220	1,361,833
Cash, beginning of year	14,628,006	13,266,173
Cash, end of year	$ 16,008,226	$ 14,628,006

See accompanying notes

Authority

The Business Investment Corporation (the Corporation) was established under the authority of the *Business Investment Corporation Act*. The Corporation is funded by the Province of Newfoundland and Labrador (the Province) and is responsible for making available and managing investments in small to medium sized private businesses, co-operatives, community development corporations and other enterprises for the purpose of creating employment opportunities for the people of the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The *Business Investment Corporation Act* came into force effective 1 April 2002. Under this *Act*, the Business Investment Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board. Also under this *Act*, the *Fisheries Loan Act*, the *Farm Development Loan Act*, the *Economic Recovery Commission Act* and the *Enterprise Newfoundland and Labrador Corporation Act* were repealed.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Corporation records loans receivable at cost. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security.

(b) Equity investments

The Corporation records equity investments at cost. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly the Corporation's equity investments for all companies in which the Corporation holds voting rights are accounted for on the cost basis.

Provision is made by the Corporation for any decline in the value of investee companies which is considered to be other than temporary.

1. Significant accounting policies (cont.)

(c) Revenue recognition

Contributions from the Province are recorded as revenue to the Corporation. This is a change from previous years when contributions were recorded as capital contributions as described in Note 8.

Interest income is accounted for on the accrual basis for all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Dividends are recorded as income when received.

2. Aquaculture Working Capital Fund

On 30 March 2001, Enterprise Newfoundland and Labrador Corporation, a predecessor of the Corporation, entered into an agreement with the Federal and Provincial Governments to set up the Aquaculture Working Capital Fund (AWCF). The AWCF assists individuals and companies in the shell fish industry throughout the Province through repayable loans. The AWCF is a revolving fund in which the Corporation retains the loan repayments for future aquaculture loans until the conclusion of the agreement. The agreement is scheduled to conclude on 31 March 2011, extendable for 3 years, at which time the Corporation will reimburse all monies to the Federal and Provincial governments based on the proportions of their contribution.

To date the Corporation has received funding totalling $1.5 million based on contributions of $1.3 million in Federal funding from the Canada/Newfoundland Strategic Regional Diversification Agreement, and $160,000 Federal and $40,000 Provincial funding from the Canada/Newfoundland Agreement on Economic Renewal.

As at 31 March 2008, the AWCF had 17 loans outstanding totalling $1,186,323 (2007 - 18 loans totalling $1,392,563). During 2003-04 the Corporation established a separate loan portfolio and bank account to administer the AWCF and assist in identifying payments that are received and held for future loans. As at 31 March 2008, the AWCF had a balance of $350,885 (2007 - $174,107) which is included in these financial statements as cash.

3. Loans and equity investments

The determination of whether a loan is impaired and the appropriate carrying value of equity investments, involves significant judgement. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

3. Loans and equity investments (cont.)

Loans and equity investments consist of the following:

	2008	2007
Loans receivable		
Principal due and unpaid	$ 17,436,244	$ 19,383,227
Principal not yet due	14,307,536	14,917,978
Interest due and unpaid	2,435,448	2,645,675
	34,179,228	36,946,880
Less: allowance for decline in value	(26,121,540)	(28,412,414)
	8,057,688	8,534,466
Equity investments		
Equity investments, at cost	19,728,458	20,160,320
Less: allowance for decline in value	(18,838,675)	(19,381,750)
	889,783	778,570
Loans and equity investments	$ 8,947,471	$ 9,313,036

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	2008	2007
Balance, beginning of year	$ 47,794,164	$ 50,702,305
Principal written off, net of recoveries	(2,843,777)	(1,956,255)
Interest written off, net of recoveries	(414,675)	(538,818)
Provision for decline (recovery) in value of loans receivable and equity investments	424,503	(413,068)
Balance, end of year	$ 44,960,215	$ 47,794,164

The allowance for decline in value represents the Corporation's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

4. Long-term investments

Long-term investments consist of 673 shares of Sun Life Financial Services of Canada Incorporated which were given to the Corporation as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares is recognized at the fair market value of $9,422 as determined by the share price at the time of the transfer of shares to the Corporation. The fair market value of these shares as at 31 March 2008 was $32,297 (2007 - $35,346).

5. Contingent liabilities

(a) A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the Fisheries Loan Board Program. The amount of this potential claim is in the $900,000 to $1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of $1,800,000. The Province will not appeal this decision.

(b) A statement of claim has been served on the Corporation by a company claiming a breach of contract. The company is claiming special damages of $811,040, other general and unspecified damages, interest and costs associated with the action. The likelihood of loss as a result of this claim is not determinable.

6. Commitments

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans, equity investments and/or grants in the amount of $3,849,300 (2007 - $4,505,631).

7. Contributed capital

Contributed capital represents accumulated capital contributions from the Province and the Government of Canada. These contributions are used for the purpose of making loans, equity investments, and providing business and market development grants. The Corporation depends on these capital contributions to carry out its mandate.

8. Accounting changes

During the year, the Corporation made the following two accounting changes:

(a) Costs of operations

The Corporation is administered as a division of the Department of Innovation, Trade and Rural Development, and expenses related to salaries, accommodations and administration are paid directly by the Department. In previous years, no provision was made in the Corporation's financial statements to reflect these costs, as an estimate was not practicably determinable. While an amount was provided in the related party transactions note in the Corporation's statements for the year ended 31 March 2007, the amount was considered an approximation only. During the year ended 31 March 2008, the Corporation was able to obtain a reasonable estimate of these costs. Accordingly, related expenses have been recorded in these financial statements along with an offsetting revenue amount from the Province.

(b) Contributions received from the Province

During the year ended 31 March 2007, the Province adjusted how it records advances issued to the Corporation, to reflect what it considers the true substance of the advances. The Province no longer records these amounts as receivable from the Corporation: they are now recorded as a grant expense. Therefore, the Corporation can no longer record these advances as capital contributions: they are now recorded as part of its operating revenue.

The Corporation has accounted for these changes retrospectively, with comparative information presented being restated. As a result, the Corporation's previously reported revenues for the year ended 31 March 2007 increased by $1,587,062, and previously reported expenses increased by $1,139,988, for a net increase in revenues over expenses of $447,074. Also, the amount previously reported as contributed capital on the Statement of Equity decreased by $10,953,110, with a corresponding decrease in the amount previously reported as accumulated deficit, resulting in no net change in recorded equity.

9. Financial instruments

The Corporation's financial instruments recognized on the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, loans and equity investments, and borrowers' deposits. The carrying values of cash and borrowers' deposits approximate current fair value due to their nature and the short-term maturity or current market rate associated with these instruments.

The Corporation's loans and equity investments are recognized on the balance sheet at cost with provision being made for any decline in their value. Any estimated impairment of these loans and equity investments has been provided for through an allowance for decline in value and no further credit risk exists for these items. The carrying value of loans and equity investments approximates discounted value of expected receipts. Therefore, their carrying values approximate their current fair value and these instruments are not subject to any material interest rate risk.

10. Related party transactions

The Corporation is administered as a division of the Department of Innovation, Trade and Rural Development. Expenses related to salaries, accommodations and administration totaling $870,557 (2007 -$587,062) are paid directly by the Department and are reflected in these financial statements as expenses of the Corporation and as revenue from the Province.

11. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

12. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Comparative figures

Certain figures in the 2007 financial statements have been reclassified to conform with the basis of presentation used in 2008.

C.A. PIPPY PARK COMMISSION

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2006

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Commissioners
C.A. Pippy Park Commission
St. John's, Newfoundland and Labrador

I have audited the consolidated balance sheet of the C.A. Pippy Park Commission as at 31 March 2006 and the consolidated statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
1 June 2007

C.A. PIPPY PARK COMMISSION
CONSOLIDATED BALANCE SHEET

31 March	2006	2005
ASSETS		
Current		
Cash	$1,114,237	$ 347,528
Accounts receivable (Note 2)	68,777	113,568
Merchandise inventory - at the lower of cost and net realizable value	6,117	13,527
Prepaid expenses	37,141	40,591
Prepaid supplies	9,789	10,747
	1,236,061	525,961
Capital assets (Note 3)	2,008,737	132,229
	$3,244,798	$ 658,190
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 189,610	$ 97,227
Deferred revenue	84,160	15,898
Demand loans (Note 4)	299,784	-
Obligations under capital lease (Note 5)	127,045	-
	700,599	113,125
Advance from Province of Newfoundland and Labrador (Note 6)	250,000	250,000
Obligations under capital lease (Note 5)	71,601	-
Accrued severance pay	98,548	143,684
	1,120,748	506,809
Equity		
Unexpended capital funds (Note 7)	65,886	65,886
Surplus	2,058,164	85,495
	2,124,050	151,381
	$3,244,798	$ 658,190

Contingent liability (Note 14)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March	2006		2005
	Actual	Budget	Actual
REVENUES			
Province of Newfoundland and Labrador (Note 8) Operating grant	$ 350,000	$ 350,000	$ 400,000
Trailer park	294,742	317,952	284,373
Golf course management fee (Note 9)	250,000	250,000	250,000
Services	183,805	185,700	168,098
Rental	91,969	51,000	126,578
Interest	17,844	5,000	5,998
Professional fees	9,320	-	73,788
Income from other revenue producing activities (Note 10)	9,153	-	88,181
Miscellaneous	1,671	-	2,705
	1,208,504	1,159,652	1,399,721
EXPENSES			
Advertising and promotion	4,678	7,000	11,275
Amortization	142,146	-	17,622
Bad debts	7,606	253,000	250,074
Building maintenance	63,343	65,000	58,508
Donation	3,000	1,000	3,588
Equipment maintenance	77,537	85,000	64,719
Heat, light and telephone	76,182	77,500	84,376
Honoraria	7,495	5,000	6,800
Insurance	87,308	78,000	95,011
Interest on capital lease obligation	114	500	549
Loss on disposal of capital assets	742	-	-
Miscellaneous	21,699	35,000	19,282
Office	5,167	7,000	4,764
Professional fees	25,342	25,600	9,285
Salaries and employee benefits	635,856	700,000	929,159
Supplies	23,553	26,000	26,349
Training	294	1,100	1,897
Travel	13	2,000	456
	1,182,075	1,368,700	1,583,714
Excess of revenues over expenses (expenses over revenues) from operations	26,429	(209,048)	(183,993)
Other revenues			
Bad debt recovery (Note 9)	1,000,000	-	-
Property sales (Note 11)	946,240	355,000	378,945
Excess of revenues over expenses	1,972,669	145,952	194,952
Surplus (Deficit), beginning of year	85,495	85,495	(109,457)
Surplus, end of year	$ 2,058,164	$ 231,447	$ 85,495

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2006	2005
Cash flows from operating activities		
Excess of revenues over expenses	$ 1,972,669	$ 194,952
Adjustment for non-cash items		
Amortization	142,146	17,622
Bad debt recovery	(1,000,000)	-
Bad debt expense	7,606	250,074
Loss on disposal of capital assets	742	-
	1,123,163	462,648
Changes in non-cash working capital		
Accounts receivable	1,037,185	(328,323)
Merchandise inventory	7,410	705
Prepaid expenses	3,450	(2,373)
Prepaid supplies	958	(1,355)
Accounts payable and accrued liabilities	92,383	6,701
Deferred revenue	68,262	710
	1,209,648	(323,935)
(Decrease) increase in accrued severance pay	(45,136)	15,964
	2,287,675	154,677
Cash flows from investing activities		
Additions to capital assets - purchased from operations	(1,959,453)	(57,408)
Additions to capital assets - purchased from unexpended capital funds	-	(3,956)
Additions to capital assets – assumption of capital lease obligations	(199,118)	-
Disposal of capital assets	139,175	-
	(2,019,396)	(61,364)
Cash flows from financing activities		
Assumption of capital lease obligations	199,118	-
Assumption of demand loans	302,455	-
Repayment of demand loans	(2,671)	-
Repayment of capital lease obligation	(472)	(6,444)
	498,430	(6,444)
Net increase in cash	766,709	86,869
Cash, beginning of year	347,528	260,659
Cash, end of year	$ 1,114,237	$ 347,528

Authority

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under authority of the *Pippy Park Commission Act.* The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners, the majority of whom are appointed by the Lieutenant-Governor in Council.

The C.A. Pippy Park Golf Course Limited (the Golf Course) was incorporated on 6 January 2006 under Section 15 of the *Corporations Act.* It is a wholly owned subsidiary of the Commission, incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act.* It's purpose is to manage the Pippy Park Golf Course.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these consolidated financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Principles of consolidation

The consolidated financial statements include the assets, liabilities and equity of the C.A. Pippy Park Commission and its subsidiary corporation, C.A. Pippy Park Golf Course Limited. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

(b) Capital assets

(i) All capital assets are capitalized at cost at the time of acquisition. Government assistance towards the acquisition of capital assets is deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Furniture, equipment and vehicles	30%
Recreation centres	10%
Buildings	10%
Park improvements	10%
Golf course improvements	10%
Equipment under capital lease	30%

(ii) Many capital assets have been financed through capital grants from the Province of Newfoundland and Labrador. The expended portion of these grants is deducted from capital assets on the consolidated balance sheet. The unexpended portion is reported in the equity section on the consolidated balance sheet.

1. Significant accounting policies (cont.)

(iii) The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Park use, cost is allocated between land and buildings.

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels for management employees and those employees covered by the General Service Collective Agreement. The entitlement to severance pay vests after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment in the public service. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity except for management employees of the Golf Course and those Golf Course employees covered by the General Service Collective Agreement. Other Golf Course employees do not qualify for severance pay.

(d) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

2. Accounts receivable

	2006	2005
Management fee	$ -	$ 750,000
Trade	70,813	114,108
Accrued interest and other	7,499	1,389
	78,312	865,497
Less: allowance for doubtful accounts	9,535	751,929
Net accounts receivable	$ 68,777	$ 113,568

3. Capital assets

	2006				2005
	Cost	Capital Grants	Accumulated Amortization	Net Book Value	Net Book Value
Land (Note 3 (a))					
Park	$ 6,009,774	$ 6,004,403	$ -	$ 5,371	$ 29,150
Furniture, equipment and vehicles					
Office furniture and equipment	35,524	10,230	22,477	2,817	4,025
Furniture and equipment -					
North Bank Lodge	14,070	12,708	552	810	1,158
Trailer park	6,091	-	4,325	1,766	1,551
Equipment	189,675	88,301	86,274	15,100	19,569
Vehicles	122,842	122,842	-	-	-
	368,202	234,081	113,628	20,493	26,303
Recreation centres					
North Bank Lodge	47,709	38,132	8,750	827	919
Buildings					
Trailer park service buildings	351,013	351,013	-	-	-
Headquarters	81,162	81,162	-	-	-
Andrea Gillies Equestrian Centre	177,881	98,138	73,011	6,732	7,480
Mechanic shop	51,362	16,970	27,849	6,543	7,270
Greenhouses	56,538	56,538	-	-	-
Registration offices	75,505	59,129	819	15,557	477
	793,461	662,950	101,679	28,832	15,227
Other assets					
Park improvements	1,068,464	930,060	53,525	84,879	49,320
Artwork	-	-	-	-	1,500
	1,068,464	930,060	53,525	84,879	50,820
Golf Course (Note 9)					
Land	1,809,696	1,809,696	-	-	-
Golf course improvements	1,357,136	99,999	61,876	1,195,261	-
Buildings	526,770	10,725	25,135	490,910	3,665
Equipment under capital lease	199,118	-	29,868	169,250	-
Equipment	76,283	34,662	28,707	12,914	6,145
	3,969,003	1,955,082	145,586	1,868,335	9,810
	$ 12,256,613	$ 9,824,708	$ 423,168	$ 2,008,737	$ 132,229

3. Capital assets (cont.)

(a) Capital assets not included in consolidated financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these consolidated financial statements. The land recorded in these consolidated financial statements represents land purchased directly by the Commission.

Capital improvements made by third parties are not recorded in these consolidated financial statements.

(b) Title to Commission property

Under Section 10(4) of the *Pippy Park Commission Act*, title to property of the Commission is vested in the name of the Minister of Finance, for the Crown.

4. Demand loans

As a result of the cancellation of the Management Agreement (see Note 9) with Thomas Development (1989) Corporation, the Commission assumed responsibility for the outstanding debt of Thomas Development (1989) Corporation. At 31 March 2006, this outstanding debt consisted of the following:

Description	Rate	
Demand Loan	Prime + 1.5%	$ 150,000
Demand Loan	Prime + 1.5%	75,117
Demand Loan	Prime + 1.5%	74,667
		$ 299,784

The Commission paid off the outstanding debt in full on 6 July 2006.

5. Obligations under capital lease

	2006	2005
Obligations under capital lease	**$ 198,646**	$ -
Less: current portion	**127,045**	-
	$ 71,601	$ -

Future minimum lease payments under capital leases are:

2007	$ 143,858
2008	67,001
2009	9,154
2010	4,699
	224,712
Less: interest portion of payments	26,066
	$ 198,646

The capital leases are secured by equipment having a net book value of $169,250.

6. Advance from Province of Newfoundland and Labrador

On 30 March 2001, the Commission received a repayable advance in the amount of $250,000 from the Province of Newfoundland and Labrador. There are no set terms of repayment. The advance payable remained outstanding at year end.

7. Unexpended capital funds

The amounts recorded as unexpended capital funds were provided by the Province of Newfoundland and Labrador in the past to assist the Commission with the acquisition of capital assets. Transactions occurring in the unexpended capital funds account during the year were:

	2006	2005
Balance, beginning of year	**$ 65,886**	$ 69,842
Less: purchases of capital assets	**-**	3,956
Balance, end of year	**$ 65,886**	$ 65,886

8. Related party transactions

(a) During the year, the Commission received $350,000 (2005 - $400,000) from the Province.

(b) Services and rental revenue includes revenues from the Province in the amount of $151,707 (2005 - $140,718) as a result of ongoing contracts.

9. Golf course

In August 1989, the Province of Newfoundland and Labrador (the Province) and the Commission entered into a lease agreement with Thomas Development (1989) Corporation (TDC) wherein the Province provided land, previously purchased by the Commission and included within the boundaries of C.A. Pippy Park, and TDC agreed to construct an 18-hole golf course along with an access road. The lease had an initial term of ten (10) years and provided for a maximum of three (3) five-year extensions for a total of twenty-five (25) years.

TDC surrendered the lease on 20 November 1997 and entered into a Management Agreement with the Commission for the management and operation of both the 9-hole and the 18-hole golf courses which had a term from 20 November 1997 to 31 December 2004. This Agreement was extended for an additional year.

Under the terms of the Management Agreement, TDC was required to pay management fees of $250,000 to the Commission for each of the years 2002 through 2006. Management fees of $250,000 for 2002 were subsequently waived by the Commission, while management fees for 2003 through 2005, totalling $750,000, remained outstanding and were considered doubtful of collection.

In December 2005, the Commission notified TDC of its intent to cancel the Management Agreement. On 31 January 2006, the Commission cancelled the Management Agreement, took possession of the golf courses and related assets, and assumed certain liabilities of TDC in full satisfaction of the management fees owing for 2002 through 2005 (totalling $1,000,000, which had either been waived or were considered doubtful of collection), management fees of $250,000 for 2006, and any outstanding trade receivables due to the Commission from TDC.

On 6 January 2006, the Commission incorporated a wholly owned subsidiary, C. A. Pippy Park Golf Course Limited, for the purpose of managing the Golf Course.

10. Income from other revenue producing activities

	2006 Actual	2006 Budget	2005 Actual
Clubhouse	$ 14,908	$ -	$ 174,138
North Bank Lodge	641	-	6,982
	15,549	-	181,120
Less: cost of goods sold	6,396	-	92,939
	$ 9,153	$ -	$ 88,181

11. Property sales

	2006 Actual	2006 Budget	2005 Actual
Property sales	$ 1,146,239	$ 380,000	$ 392,222
Less: Land development costs	145,525	-	-
Real estate commissions	54,474	25,000	13,277
	199,999	25,000	13,277
	$ 946,240	$ 355,000	$ 378,945

12. Pensions

Commission staff participate in two separate pension plans. Management staff and staff represented by the Newfoundland and Labrador Association of Public and Private Employees are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2006 was $35,999 (2005 - $42,717).

Commission staff represented by the United Food and Commercial Workers' Union participate in the Canadian Commercial Workers' Industry Plan from which pensions will be paid to employees when they retire. Employee contributions are matched by the Commission and then remitted to the Canadian Commercial Workers' Industry Plan. The Commission's share of pension contributions for 2006 was $0.

13. Operating lease obligation

A vehicle has been leased for a three-year term commencing 1 July 2005. Minimum lease payments for the next three years are as follows:

2007	$ 4,666
2008	4,666
2009	1,167

14. Contingent liability

On 18 August 2006, a Statement of Claim was served on the Commission by Dr. Anne Williams. This Statement of Claim relates to a claim against the assets assumed from Thomas Development (1989) Corporation by the C.A. Pippy Park Commission under the terms of the Management Agreement for the operation of the Golf Course. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of loss is not reasonably estimable at this time.

15. Financial instruments

The Commission's financial instruments recognized on the consolidated balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, demand loans, and obligations under capital lease. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

16. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Commission's ability to continue operations is dependent on the decisions of the Province.

17. Measurement uncertainty

The preparation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year.

18. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

19. Comparative figures

Certain figures in the 2005 financial statements have been reclassified to conform with the basis of presentation used in 2006.

C.A. PIPPY PARK GOLF COURSE LIMITED

FINANCIAL STATEMENTS

31 MARCH 2007

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
C.A. Pippy Park Golf Course Limited
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the C.A. Pippy Park Golf Course Limited as at 31 March 2007 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
26 March 2008

C.A. PIPPY PARK GOLF COURSE LIMITED
BALANCE SHEET

31 March	2007	2006
ASSETS		
Current		
Cash	$ 169,587	$ 56,500
Accounts receivable (Note 2)	52,719	97,975
Merchandise inventory - at the lower of cost and net realizable value	23,360	5,427
Prepaid expenses	1,332	-
	246,998	159,902
Capital assets (Note 3)	130,864	169,250
	$ 377,862	$ 329,152
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable and accrued liabilities (Note 4)	$ 193,388	$ 46,837
Deferred revenue	80,325	75,183
Obligations under capital lease (Note 5)	59,584	127,045
	333,297	249,065
Obligations under capital lease (Note 5)	11,791	71,601
Advance from C.A. Pippy Park Commission (Note 6)	-	50,000
Accrued severance pay	19,422	12,709
	364,510	383,375
Shareholder's Equity		
Share capital (Note 7)	-	-
Surplus (deficit)	13,352	(54,223)
	13,352	(54,223)
	$ 377,862	$ 329,152

See accompanying notes

Signed on behalf of the Board: ______________ **Chairperson** ______________ **Member**

C.A. PIPPY PARK GOLF COURSE LIMITED

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the year ended 31 March 2007 (with comparative figures for the period 6 January 2006 to 31 March 2006)

	2007		2006
	Actual	**Budget**	**Actual**
REVENUES			
Golf course (Note 8)	$ 756,625	$ 817,000	$ -
Clubhouse (Note 9)	224,610	186,000	7,555
Advertising	22,320	25,000	-
Interest	7,364	-	-
Miscellaneous	3,003	-	-
Gain on sale of assets	522	-	-
	1,014,444	1,028,000	7,555
EXPENSES			
Advertising and promotion	13,228	1,000	150
Amortization	53,668	-	29,868
Bank charges	16,241	18,000	735
Building maintenance	46,629	40,000	7,684
Course maintenance	37,908	70,000	-
Equipment maintenance	57,290	50,000	58
Heat, light and telephone	52,371	45,000	1,709
Insurance	25,967	33,000	318
Interest on capital lease obligations	16,880	17,000	114
Management fees (Note 10)	40,000	120,000	-
Miscellaneous	7,304	3,000	-
Office	8,778	11,600	557
Professional fees	11,414	5,000	2,500
Salaries and employee benefits	537,446	579,000	18,085
Supplies	16,524	16,500	-
Travel	5,221	1,500	-
	946,869	1,010,600	61,778
Excess of revenues over expenses (expenses over revenues)	67,575	17,400	(54,223)
Deficit, beginning of year	(54,223)	(54,223)	-
Surplus (deficit), end of year	$ 13,352	(36,823)	$ (54,223)

C.A. PIPPY PARK GOLF COURSE LIMITED
STATEMENT OF CASH FLOWS
For the year ended 31 March 2007 (with comparative figures for the period 6 January 2006 to 31 March 2006)

	2007	2006
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	$ 67,575	$ (54,223)
Adjustment for non-cash items		
Amortization	53,668	29,868
Gain on sale of assets	(522)	-
	120,721	(24,355)
Changes in non-cash working capital		
Accounts receivable	45,256	(97,975)
Merchandise inventory	(17,933)	(5,427)
Prepaid expenses	(1,332)	-
Accounts payable and accrued liabilities	146,551	46,837
Deferred revenue	5,142	75,183
	177,684	18,618
Increase in accrued severance pay	6,713	12,709
	305,118	6,972
Cash flows from investing activities		
Additions to capital assets	(19,265)	-
Sale of capital assets	4,505	-
Additions to capital assets - assumption of capital lease obligations	-	(199,118)
	(14,760)	(199,118)
Cash flows from financing activities		
Assumption of capital lease obligations	-	199,118
Repayment of capital lease obligations	(127,271)	(472)
Repayment of advance from C.A. Pippy Park Commission	(100,000)	-
Advance from C.A. Pippy Park Commission	50,000	50,000
	(177,271)	248,646
Net increase in cash	113,087	56,500
Cash, beginning of year	56,500	-
Cash, end of year	$ 169,587	$ 56,500

Authority

The C.A. Pippy Park Golf Course Limited (the Corporation) was incorporated on 6 January 2006 under Section 15 of the *Corporations Act*. It is a wholly owned subsidiary of the C.A. Pippy Park Commission (the Commission), incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act*. The purpose of the Corporation is to manage the Pippy Park Golf Course on behalf of Commission. The Pippy Park Golf Course is comprised of the 9 hole Captain's Hill Course, the 18 hole Admiral's Green Course and the Admiral's Green Clubhouse.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Course maintenance equipment	30%
Golf carts	30%
Equipment	30%
Office equipment	30%
Proshop rental equipment	30%
Golf carts under capital lease	30%
Course maintenance equipment under capital lease	30%
Office equipment under capital lease	30%

(b) Severance pay

Severance pay is calculated based on the years of service and current salary levels. The entitlement to severance pay vests with management employees and those employees covered by the General Service Collective Agreement between the Corporation and the Newfoundland and Labrador Association of Public and Private Employees. The entitlement to severance pay vests after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Corporation.

(c) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

(d) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

2. Accounts receivable

	2007	2006
Due from C.A. Pippy Park Commission	$ 20,052	$ 75,364
Trade	22,058	22,535
Harmonized sales tax	10,609	76
	52,719	97,975
Less: allowance for doubtful accounts	-	-
Net accounts receivable	$ 52,719	$ 97,975

3. Capital assets

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Course maintenance equipment	$ 59,707	$ 24,183	$ 35,524	$ -
Golf carts	35,368	14,324	21,044	-
Equipment	8,850	1,328	7,522	-
Office equipment	4,514	677	3,837	-
Proshop rental equipment	1,214	182	1,032	
Golf carts under capital lease	63,213	25,601	37,612	83,794
Course maintenance equipment under capital lease	33,733	13,663	20,070	79,424
Office equipment under capital lease	7,097	2,874	4,223	6,032
	$ 213,696	$ 82,832	$ 130,864	$ 169,250

4. Accounts payable and accrued liabilities

	2007	2006
Due to C.A. Pippy Park Commission	$ 64,742	$ 18,020
Trade payables and accrued liabilites	128,646	28,817
	$ 193,388	$ 46,837

5. Obligations under capital lease

	2007	2006
Obligations under capital lease	**$ 71,375**	$ 198,646
Less: current portion	**59,584**	127,045
	$ 11,791	$ 71,601

Future minimum lease payments under capital leases are:

2008	$ 67,001
2009	9,154
2010	4,699
	80,854
Less: interest portion of payments	9,479
	$ 71,375

During 2007 a decision was made to exercise the buyout provisions of one of the lease agreements. The cost of this buyout provision is $65,000 and is included in accounts payable and accrued liabilities at year end. It was paid in May 2007.

The capital leases are secured by equipment having a net book value of $61,905.

6. Advance from C.A. Pippy Park Commission

The Corporation maintains an operating line of credit with the Commission with a maximum limit of $150,000. There are no set terms of repayment. The amount advanced and outstanding as at 31 March 2007 was $0 (2006 - $50,000).

7. Share capital

Authorized
100 common shares of no par value

Issued
1 common share

8. Golf course

	2007 Actual	2007 Budget	2006 Actual
Green fees	$ 630,211	$ 695,000	$ -
Rentals	117,570	118,000	-
	747,781	813,000	-
Proshop sales	28,095	28,000	-
Less: cost of goods sold	19,251	24,000	-
	8,844	4,000	-
	$ 756,625	$ 817,000	$ -

9. Clubhouse

	2007 Actual	2007 Budget	2006 Actual
Salon rentals	$ 46,339	$ 65,000	$ 3,166
Catering commissions	42,972	-	3,478
	89,311	65,000	6,644
Salon sales	231,584	230,000	2,998
Less: cost of goods sold	96,285	109,000	2,087
	135,299	121,000	911
	$ 224,610	$ 186,000	$ 7,555

10. Related party transactions

Administrative and other services for the Corporation are provided by the Commission.

The land, buildings and certain other equipment used by the Corporation are owned by the Commission.

In exchange for the provision of the goods and services, the Commission charges the Corporation a management fee. The management fee for 2007 was $40,000 (2006 - $0).

11. Pensions

Corporation staff participate in two separate pension plans.

The Corporation's management, and staff represented by the Newfoundland and Labrador Association of Public and Private Employees, are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Corporation and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions for 2007 was $5,117 (2006 - $19).

Corporation staff represented by the United Food and Commercial Workers Union participate in the Canadian Commercial Workers' Industry Pension Plan from which pensions will be paid to employees when they retire. Employee contributions are matched by the Corporation and then remitted to the Canadian Commercial Workers' Industry Pension Plan. The Corporation's share of pension contributions for 2007 was $7,145 (2006 - $0).

12. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital lease. The carrying values of these instruments approximate current fair value due to their nature and the short term maturity associated with them.

13. Measurement uncertainty

The preparation of these financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year.

14. Economic dependence

The Corporation manages the Pippy Park Golf Course on behalf of the Commission. As a result, its ability to continue operations is dependent upon the decisions of the Commission.

15. Income taxes

The Corporation is a wholly owned subsidiary of a Crown entity of the Province of Newfoundland and Labrador and as such, is not subject to Provincial or Federal income taxes.

16. Comparative figures

Certain figures from the 2006 financial statements have been reclassified to conform with the basis of presentation used in 2007.

C.A. PIPPY PARK COMMISSION

CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Commissioners
C.A. Pippy Park Commission
St. John's, Newfoundland and Labrador

I have audited the consolidated balance sheet of the C.A. Pippy Park Commission as at 31 March 2008 and the consolidated statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
8 July 2008

C.A. PIPPY PARK COMMISSION
CONSOLIDATED BALANCE SHEET

31 March	2008	2007
ASSETS		
Current		
Cash	$ 694,126	$ 597,452
Accounts receivable (Note 2)	69,492	63,899
Merchandise inventory - at the lower of cost and net realizable value	18,874	24,116
Prepaid expenses	25,005	18,717
Prepaid supplies	12,186	14,472
	819,683	718,656
Capital assets (Note 3)	2,039,713	1,981,391
	$ 2,859,396	$ 2,700,047
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 162,751	$ 238,691
Deferred revenue (Note 4)	84,205	90,251
Obligations under capital lease (Note 5)	35,268	59,584
	282,224	388,526
Obligations under capital lease (Note 5)	136,184	11,791
Accrued severance pay	119,344	109,789
Advance from Province of Newfoundland and Labrador (Note 6)	250,000	250,000
	787,752	760,106
Equity		
Unexpended capital funds (Note 7)	-	-
Surplus	2,071,644	1,939,941
	2,071,644	1,939,941
	$ 2,859,396	$ 2,700,047

Contingent liabilities (Note 8)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March

	2008		2007
	Actual	Budget	Actual
REVENUES			
Province of Newfoundland and Labrador (Note 9)			
Operating grant	$ 350,000	$ 350,000	$ 350,000
Golf Course (Note 10)	683,517	815,500	756,625
Trailer park (Note 11)	395,359	392,000	349,267
Clubhouse (Note 12)	215,644	235,000	224,610
Services	194,347	190,000	186,902
Rental	58,247	56,400	55,503
Interest	20,282	-	38,500
Advertising	19,833	22,200	22,320
Gain on sale of capital assets	10,166	-	522
Miscellaneous	134	4,000	8,225
	1,947,529	2,065,100	1,992,474
EXPENSES			
Advertising and promotion	16,939	14,500	21,028
Amortization	269,533	-	262,486
Bank charges	28,691	28,000	33,861
Building maintenance	94,784	80,000	90,952
Course maintenance	56,691	65,000	37,908
Donation	-	1,000	293
Equipment maintenance	56,717	60,000	55,314
Fuel	62,918	80,000	66,508
Heat, light and telephone	139,531	130,000	125,905
Honoraria	1,610	7,500	1,260
Insurance	63,807	95,000	91,081
Interest on capital lease obligations	9,582	9,882	16,880
Miscellaneous	15,671	26,500	13,415
Office	13,157	14,900	15,963
Professional fees	31,179	24,000	41,906
Salaries and employee benefits	1,381,652	1,331,800	1,273,605
Supplies	38,993	46,500	38,218
Training	1,205	1,000	2,248
Travel	4,352	4,000	5,239
	2,287,012	2,019,582	2,194,070
Excess of revenues over expenses (expenses over revenues) from operations	(339,483)	45,518	(201,596)
Other revenues			
Property sales (Note 13)	471,186	-	83,373
Excess of revenues over expenses (expenses over revenues)	131,703	45,518	(118,223)
Surplus, beginning of year	1,939,941	1,939,941	2,058,164
Surplus, end of year	$ 2,071,644	$ 1,985,459	$ 1,939,941

C.A. PIPPY PARK COMMISSION
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	$ 131,703	$ (118,223)
Adjustment for non-cash items		
Amortization	269,533	262,486
Gain on sale of capital assets	(10,166)	(522)
	391,070	143,741
Changes in non-cash working capital		
Accounts receivable	(5,593)	4,878
Merchandise inventory	5,242	(17,999)
Prepaid expenses	(6,288)	18,424
Prepaid supplies	2,286	(4,683)
Accounts payable and accrued liabilities	(75,940)	49,081
Deferred revenue	(6,046)	6,091
	(86,339)	55,792
Increase in accrued severance pay	9,555	11,241
	314,286	210,774
Cash flows from investing activities		
Additions to capital assets - purchased from operations	(171,671)	(244,496)
Additions to capital assets - purchased from unexpended capital funds	-	(65,886)
Additions to capital assets - purchased under capital lease	(164,150)	-
Sale of capital assets	18,132	9,878
	(317,689)	(300,504)
Cash flows from financing activities		
Increase in capital lease obligations	164,150	-
Repayment of capital lease obligations	(64,073)	(127,271)
Repayment of demand loans	-	(299,784)
	100,077	(427,055)
Net increase (decrease) in cash	96,674	(516,785)
Cash, beginning of year	597,452	1,114,237
Cash, end of year	$ 694,126	$ 597,452

See accompanying notes

Authority

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under authority of the *Pippy Park Commission Act.* The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners, the majority of whom are appointed by the Lieutenant-Governor in Council.

The C.A. Pippy Park Golf Course Limited (the Golf Course) was incorporated on 6 January 2006 under Section 15 of the *Corporations Act.* It is a wholly owned subsidiary of the Commission, incorporated in accordance with Section 25(b)(i) of the *Pippy Park Commission Act.* It's purpose is to manage the Pippy Park Golf Course.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these consolidated financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Principles of consolidation

The consolidated financial statements include the assets, liabilities and equity of the C.A. Pippy Park Commission and its subsidiary corporation, C.A. Pippy Park Golf Course Limited. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

(b) Capital assets

(i) All capital assets are capitalized at cost at the time of acquisition. Government assistance towards the acquisition of capital assets is deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Furniture and equipment	30%
Vehicles	30%
Equipment under capital lease	30%
Buildings	10%
Park improvements	10%
Golf course improvements	10%

(ii) Many capital assets have been financed through capital grants from the Province of Newfoundland and Labrador. The expended portion of these grants has been deducted from the applicable capital assets on the consolidated balance sheet and amortization has been calculated on the net amount.

1. Significant accounting policies (cont.)

(iii) The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Park use, cost is allocated between land and buildings.

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels for management employees of the Commission and those employees represented by the Newfoundland and Labrador Association of Public and Private Employees. The entitlement to severance pay vests after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. For employees of the Commission, the amount is payable when the employee ceases employment in the public service. If an employee of the Commission transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity. For Golf Course employees represented by the Newfoundland and Labrador Association of Public and Private Employees the amount is payable when the employee ceases employment with the Corporation. Other Golf Course employees do not qualify for severance pay.

(d) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

(e) Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

2. Accounts receivable

	2008	2007
Trade	**$ 59,278**	$ 49,813
Harmonized sales tax	**16,261**	17,681
Accrued interest and other	**3,488**	5,940
	79,027	73,434
Less: allowance for doubtful accounts	**9,535**	9,535
Net accounts receivable	**$ 69,492**	$ 63,899

3. Capital assets

	2008				2007
	Cost	Capital Grants	Accumulated Amortization	Net Book Value	Net Book Value
Park					
Land (Note 3(a) and 3(b))	$ 6,035,850	$ 6,030,728	$ -	$ 5,122	$ -
Furniture and equipment	274,406	111,237	133,713	29,456	30,048
Vehicles	122,842	122,842	-	-	-
Equipment under capital lease	101,911	-	15,287	86,624	-
Buildings	898,920	701,084	124,353	73,483	81,649
Park improvements	1,369,518	959,928	97,307	312,283	217,315
Assets under construction	8,061	-	-	8,061	-
	8,811,508	7,925,819	370,660	515,029	329,012
Golf Course					
Land (Note 3(a) and 3(b))	1,809,696	1,809,696	-	-	-
Golf course improvements	1,345,507	99,999	285,126	960,382	1,058,668
Buildings	522,893	10,725	116,971	395,197	433,830
Equipment under capital lease	99,727	-	31,211	68,516	61,905
Furniture and equipment	277,984	34,662	142,733	100,589	97,976
	4,055,807	1,955,082	576,041	1,524,684	1,652,379
	$ 12,867,315	$ 9,880,901	$ 946,701	$ 2,039,713	$ 1,981,391

(a) Capital assets not included in consolidated financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these consolidated financial statements. The land recorded in these consolidated financial statements represents land purchased directly by the Commission.

Capital improvements made by third parties are not recorded in these consolidated financial statements.

(b) Title to Commission property and value of land

Under Section 10(4) of the *Pippy Park Commission Act*, title to property of the Commission is vested in the name of the Minister of Finance, for the Crown. Therefore, capital grants received from the Province for the purchase of land have been deducted from the total cost of the land purchased.

4. Deferred revenue

	2008	2007
Golf course	$ 59,776	$ 60,333
Clubhouse	11,542	12,974
Trailer park	7,283	9,926
Advertising	5,263	7,018
Rental	341	-
	$ 84,205	$ 90,251

Golf course deferred revenue relates to golf packages and gift certificates sold during the fiscal year that relate to the 2008 golf season. Clubhouse deferred revenue relates to deposits received on Salon rentals for future periods. Trailer park deferred revenue relates to deposits received on reservations for the 2008 camping season. Advertising deferred revenue relates to the unamortized portion of a signing bonus received when the Golf Course signed a five year exclusive contract with a supplier in 2007. Rental deferred revenue relates to deposits received on reservations at the Northbank Lodge for future periods.

5. Obligations under capital lease

	2008	2007
Obligations under capital lease	$ 171,452	$ 71,375
Less: current portion	35,268	59,584
	$ 136,184	$ 11,791

Future minimum lease payments under capital leases are:

2009	$ 47,172
2010	42,201
2011	48,578
2012	25,784
2013	46,163
	209,898
Less: interest portion of payments	38,446
	$ 171,452

The capital leases are secured by equipment having a net book value of $155,140.

6. Advance from Province of Newfoundland and Labrador

On 30 March 2001, the Commission received a repayable advance in the amount of $250,000 from the Province of Newfoundland and Labrador. There are no set terms of repayment. The advance payable remained outstanding at year end.

7. Unexpended capital funds

The amounts recorded in previous years as unexpended capital funds were provided by the Province of Newfoundland and Labrador in the past to assist the Commission with the acquisition of capital assets. These funds were exhausted during 2007 as follows:

	2008	2007
Balance, beginning of year	$ -	$ 65,886
Less: purchases of capital assets	-	65,886
Balance, end of year	$ -	$ -

8. Contingent liabilities

(a) On 18 August 2006, a Statement of Claim was served on the Commission by Dr. Anne Williams. This Statement of Claim relates to a claim against the assets assumed from Thomas Development (1989) Corporation by the C.A. Pippy Park Commission under the terms of the Management Agreement for the operation of the Golf Course. This matter is expected to be formally discontinued during the 2008 calendar year.

(b) In 1997, a Statement of Claim was served on the Commission in dispute of conveyance of property situated at Nagle's Place. The property, within the boundary of Pippy Park, was purchased in 1997 by the Department of Works, Services and Transportation (now the Department of Transportation and Works). After the owners passed away, there was a dispute over share of the estate between the remaining children. The status of the issue between the parties is unclear, even though this issue was dropped from the trial list by consent of the parties some time ago. This matter has not been formally closed and action has been initiated to formally discontinue this matter during the 2008 calendar year.

9. Related party transactions

(a) During the year, the Commission received an operating grant of $350,000 (2007 - $350,000) from the Province.

(b) Services and rental revenue includes revenues from the Province in the amount of $160,146 (2007 - $152,438) as a result of ongoing contracts.

10. Golf Course revenue

	2008		2007
	Actual	Budget	Actual
Green fees	$ 561,288	$ 674,000	$ 630,211
Rentals	117,848	130,000	117,570
	679,136	804,000	747,781
Proshop sales	24,991	30,000	28,095
Less: cost of goods sold	20,610	18,500	19,251
	4,381	11,500	8,844
	$ 683,517	$ 815,500	$ 756,625

11. Trailer park revenue

	2008		2007
	Actual	Budget	Actual
Registration fees	$ 368,669	$ 358,000	$ 317,737
Mini golf	18,481	26,000	22,377
	387,150	384,000	340,114
Sales	28,794	26,000	27,518
Less: cost of goods sold	20,585	18,000	18,365
	8,209	8,000	9,153
	$ 395,359	$ 392,000	$ 349,267

12. Clubhouse revenue

	2008		2007
	Actual	Budget	Actual
Salon rentals	$ 45,840	$ 40,000	$ 46,339
Catering commissions	40,430	55,000	42,972
	86,270	95,000	89,311
Salon sales	225,288	245,000	231,584
Less: cost of goods sold	95,914	105,000	96,285
	129,374	140,000	135,299
	$ 215,644	$ 235,000	$ 224,610

13. Property sales

	2008		2007
	Actual	Budget	Actual
Property sales	$ 471,186	$ -	$ 93,000
Less: Land development costs	-	-	7,371
Real estate commissions	-	-	2,256
	-	-	9,627
	$ 471,186	$ -	$ 83,373

14. Pensions

Management staff and staff represented by the Newfoundland and Labrador Association of Public and Private Employees are subject to the *Public Service Pensions Act.* Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of these pension contributions for 2008 was $45,809 (2007 - $35,203).

Commission staff represented by the United Food and Commercial Workers' Union participate in the Canadian Commercial Workers' Industry Plan from which pensions will be paid to employees when they retire. Employee contributions are matched by the Commission and then remitted to the Canadian Commercial Workers' Industry Plan. The Commission's share of these pension contributions for 2008 was $7,424 (2007 - $7,145).

15. Operating lease obligation

A vehicle has been leased for a three-year term commencing 1 July 2005. Minimum lease payments for the next year is as follows:

2009	$ 1,167

16. Financial instruments

The Commission's financial instruments recognized on the consolidated balance sheet consist of cash, accounts receivable, accounts payable and accrued liabilities, and obligations under capital lease. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

17. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Commission's ability to continue operations is dependent on the decisions of the Province.

18. Measurement uncertainty

The preparation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the year.

19. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

20. Comparative figures

Certain figures in the 2007 financial statements have been reclassified to conform with the basis of presentation used in 2008.

CENTRAL REGIONAL HEALTH AUTHORITY

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2008

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Trustees of the **Central Regional Health Authority**

We have audited the consolidated balance sheet of the **Central Regional Health Authority** as at March 31, 2008 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe.
Chartered Accountants

Gander, Newfoundland
June 26, 2008

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Receivables (Note 3)	$ 12,548,071	10,368,442
Inventories (Note 4)	1,943,615	2,078,339
Prepaids (Note 5)	4,774,569	3,728,519
Total current assets	19,266,255	16,175,300
Cash restricted for security deposits	24,223	21,238
Investments restricted for general endowment purposes (Note 6)	391,801	289,331
Replacement reserve funding (Note 14)	276,230	266,884
Residents' trust funds held on deposit	679,247	673,123
Deposits on property, plant and equipment	-	2,188,547
Property, plant and equipment (Note 7)	59,332,851	58,099,681
Deferred charges	-	4,586
	$ 79,970,607	77,718,690
Liabilities		
Current liabilities:		
Bank indebtedness (Note 8)	$ 10,856,893	9,430,449
Payables and accruals (Note 9)	22,218,661	21,621,993
Accrued vacation pay	9,282,621	9,054,125
Deferred grants and donations (Note 10)	5,734,179	6,028,002
Current portion of obligations under capital lease	126,281	119,237
Current portion of long-term debt	1,186,646	1,261,487
Current portion of accrued severance pay - estimated	1,500,000	1,200,000
Total current liabilities	50,905,281	48,715,293
Security deposits payable	24,223	21,238
Long-term debt (Note 11)	21,540,329	22,607,748
Obligations under capital lease (Note 12)	147,532	273,759
Trust funds payable	679,247	673,123
Accrued severance pay, less current portion	21,132,646	20,791,136
Unamortized deferred contributions related to property, plant and equipment (Note 13)	27,454,418	23,821,781
Replacement reserves (Note 14)	276,230	266,884
J.M. Olds scholarship and library funds	86,320	85,574
	122,246,226	117,256,536
Net assets, per accompanying statement		
Net assets invested in property, plant and equipment	8,722,080	9,892,005
Net assets restricted for general endowment purposes	391,801	289,331
Unrestricted net assets (deficit)	(51,389,500)	(49,719,182)
	(42,275,619)	(39,537,846)
	$ 79,970,607	77,718,690

See accompanying notes

Approved:

Trustee

Trustee

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008				2007
	Invested in Property, Plant and Equipment	Restricted for General Endowment Purposes	Unrestricted	Total	Total
Balance (deficit), beginning:	$ 9,892,005	289,331	(49,719,182)	(39,537,846)	(37,416,952)
Deficiency of revenue over expenditure	(2,581,104)	-	(226,669)	(2,807,773)	(2,120,894)
Investment in property, plant and equipment (Note 15)	1,411,179	-	(1,411,179)	-	-
Transfers to endowment fund:					
Reinvested investment income	-	17,470	(17,470)	-	-
Contributed/transferred from unrestricted	-	85,000	(15,000)	70,000	-
Balance (deficit), ending	$ 8,722,080	391,801	(51,389,500)	(42,275,619)	(39,537,846)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Operations

Year ended March 31, 2008	2008	2007
Revenue:		
Provincial plan operating	**$ 218,814,183**	202,519,510
MCP physicians salaries	**10,403,171**	11,520,569
Patient-resident services	**11,399,880**	12,134,092
CMHC mortgage interest subsidy (Note 11)	**107,256**	108,452
Redundancy and other funding	**469,533**	1,228,759
Capital project funding	**2,614,338**	3,403,224
Recoveries	**2,868,172**	2,670,765
Cottage operations	**1,457,116**	1,437,232
Foundations	**786,068**	768,680
Other revenue	**2,231,944**	2,648,214
	251,151,661	238,439,497
Expenditure:		
Administration	**22,718,136**	21,353,269
Community and social services	**57,398,747**	49,808,228
Support services	**50,057,346**	47,274,951
Nursing inpatient services - acute	**36,869,868**	36,115,099
- long-term care	**23,622,121**	22,562,559
Ambulatory care services	**15,091,072**	16,188,951
Diagnostic and therapeutic services	**27,492,203**	25,898,055
Medical services	**14,207,669**	14,419,773
Education services	**1,426,792**	1,298,745
Cottage operations, including amortization of $354,835 (2007 - $316,032)	**1,450,096**	1,429,926
Foundations, including amortization of $2,538	**530,494**	622,193
	250,864,544	236,971,749
Surplus prior to non-shareable items	**287,117**	1,467,748
Non-shareable items:		
Amortization of deferred capital grants	**3,898,563**	2,913,270
Amortization	**(6,122,294)**	(5,376,404)
Accrued vacation pay - (increase) decrease	**(229,649)**	(752,716)
Accrued severance pay - (increase) decrease	**(641,510)**	(372,792)
	(3,094,890)	(3,588,642)
Deficiency of revenue over expenditure	**$(2,807,773)**	(2,120,894)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

Statement of Cash Flow

Year ended March 31, 2008	2008	2007
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	$(2,807,773)	(2,120,894)
Amortization	6,479,667	5,692,436
Amortization of deferred capital grants	(3,898,563)	(2,913,270)
	(226,669)	658,272
Changes in:		
Receivables	(2,179,629)	(3,331,261)
Inventories	134,724	(56,472)
Prepaids	(1,046,050)	(323,163)
Deferred charges	4,586	12,912
Payables and accruals	596,668	5,549,715
Accrued vacation pay	228,496	752,971
Deferred grants and donations	(293,823)	754,367
Accrued severance pay	641,510	372,792
	(2,140,187)	4,390,133
Investing:		
Additions to property, plant and equipment	(7,712,837)	(2,417,988)
Deposits on property, plant and equipment	2,188,547	(2,017,877)
Increase in general endowment fund investments	(102,470)	-
Donation received for general endowment fund	70,000	(38,030)
	(5,556,760)	(4,473,895)
Financing:		
Repayment of long-term debt	(1,291,987)	(1,323,019)
Increase in capital leases	-	101,798
Repayment of capital leases	(119,183)	(112,688)
Net changes in J. M. Olds funds	746	1,181
Grants used for the purchase of property, plant and equipment	7,223,739	1,728,330
Donations used for the purchase of property, plant and equipment	307,451	246,312
New loan proceeds	149,737	-
	6,270,503	641,914
Net increase (decrease) in cash	(1,426,444)	558,152
Cash, net of bank indebtedness:		
Beginning	(9,430,449)	(9,988,601)
Ending (Note 8)	$(10,856,893)	(9,430,449)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Receivables (Note 3)	$ 12,449,229	10,340,697
Due from cottage operations and Foundations - net	477,903	408,305
Inventories (Note 4)	1,943,615	2,078,339
Prepaids (Note 5)	4,706,669	3,662,667
Total current assets	19,577,416	16,490,008
Residents' trust funds held on deposit	679,247	673,123
Deposits on property, plant and equipment	-	2,188,547
Property, plant and equipment (Note 7)	53,343,276	51,905,008
Deferred charges	-	4,586
	$ 73,599,939	71,261,272
Liabilities		
Current liabilities:		
Bank indebtedness (Note 8)	$ 11,477,151	9,825,061
Payables and accruals (Note 9)	22,177,636	21,583,525
Accrued vacation pay	9,282,016	9,052,376
Deferred grants and donations (Note 10)	5,406,082	5,729,730
Current portion of obligations under capital lease	126,281	119,237
Current portion of long-term debt	810,471	911,787
Current portion of accrued severance pay - estimated	1,500,000	1,200,000
Total current liabilities	50,779,637	48,421,716
Long-term debt (Note 11)	16,118,842	16,922,519
Obligations under capital lease (Note 12)	147,532	273,759
Trust funds payable	679,247	673,123
Accrued severance pay, less current portion	21,132,646	20,791,136
Unamortized deferred contributions related to property, plant and equipment (Note 13)	27,454,418	23,821,781
J.M. Olds scholarship and library funds	86,320	85,574
	116,398,642	110,989,608
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	8,562,361	9,730,579
Unrestricted net assets (deficit)	(51,361,064)	(49,458,915)
	(42,798,703)	(39,728,336)
	$ 73,599,939	71,261,272

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008			2007
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balances (deficit), beginning:	$ 9,730,579	(49,458,915)	(39,728,336)	(37,453,649)
Deficiency of revenue over expenditure	(2,223,731)	(846,636)	(3,070,367)	(2,274,687)
Investment in property, plant and equipment (Note 15)	1,055,513	(1,055,513)	-	-
Balance (deficit), ending	$ 8,562,361	(51,361,064)	(42,798,703)	(39,728,336)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Operations

Year ended March 31, 2008

	2008	2007
Revenue:		
Provincial plan	$ 214,548,349	198,909,888
Primary Health Care	444,800	305,906
MCP physicians salaries	10,403,171	11,520,569
Inpatient	1,500,846	1,936,176
Outpatient	2,006,313	1,989,928
Resident revenue - long-term care	7,892,721	8,207,988
CMHC mortgage interest subsidy (Note 11)	107,256	108,452
Redundancy and other funding	469,533	1,228,759
Capital project funding	2,614,338	3,403,224
National Child Benefit	1,192,074	1,130,413
Early Childhood Development	767,997	834,574
Early Learning and Child Care Initiatives	1,860,963	1,338,729
Recoveries - services	909,639	1,027,561
- salaries	1,661,098	1,389,344
- ambulance	297,435	253,860
Other miscellaneous revenue	2,231,944	2,648,214
	248,908,477	236,233,585
Expenditure:		
Administration	22,718,136	21,353,269
Primary Health Care	516,894	298,438
Community and social services	56,881,853	49,509,790
Support services	50,057,346	47,274,951
Nursing inpatient services - acute	36,869,868	36,115,099
- long-term care	23,622,121	22,562,559
Ambulatory care services	15,091,072	16,188,951
Diagnostic and therapeutic services	27,492,203	25,898,055
Medical services	14,207,669	14,419,773
Education services	1,426,792	1,298,745
	248,883,954	234,919,630
Surplus prior to non-shareable items	24,523	1,313,955
Non-shareable items:		
Amortization of deferred capital grants	3,898,563	2,913,270
Amortization	(6,122,294)	(5,376,404)
Accrued vacation pay - (increase) decrease	(229,649)	(752,716)
Accrued severance pay - (increase) decrease	(641,510)	(372,792)
	(3,094,890)	(3,588,642)
Excess (deficiency) of revenue over expenditure	$(3,070,367)	(2,274,687)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

OPERATING

Statement of Cash Flow

Year ended March 31, 2008

	2008	2007
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	$(3,070,367)	(2,274,687)
Amortization	6,122,294	5,376,404
Amortization of deferred capital grants	(3,898,563)	(2,913,270)
	(846,636)	188,447
Changes in:		
Receivables	(2,108,532)	(3,358,333)
Due from cottage operations and Foundations	(69,598)	193,989
Inventories	134,724	(56,472)
Prepaids	(1,044,002)	(322,470)
Deferred charges	4,586	12,912
Payables and accruals	594,111	5,560,328
Accrued vacation pay	229,640	752,743
Deferred grants and donations	(323,648)	739,588
Accrued severance pay	641,510	372,792
	(2,787,845)	4,083,524
Investing:		
Additions to property, plant and equipment	(7,560,563)	(2,417,988)
Deposits on property, plant and equipment	2,188,547	(2,017,877)
	(5,372,016)	(4,435,865)
Financing:		
Repayment of long-term debt	(936,320)	(1,006,982)
Increase in capital leases	-	101,798
Repayment of capital leases	(119,183)	(112,688)
Net changes in J.M. Olds funds	746	1,181
Grants used for the purchase of property, plant and equipment	7,223,739	1,728,330
Donations used for the purchase of property, plant and equipment	307,451	246,312
New loan proceeds	31,338	-
	6,507,771	957,951
Net increase (decrease) in cash	(1,652,090)	605,610
Cash, net of bank indebtedness:		
Beginning	(9,825,061)	(10,430,671)
Ending (Note 8)	$(11,477,151)	(9,825,061)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Cash	$ 10,498	1,335
Receivables (Note 3)	14,993	11,109
Prepaids (Note 5)	37,252	38,393
Total current assets	62,743	50,837
Cash restricted for security deposits	12,105	12,267
Replacement reserve cash	44,003	13,770
Property, plant and equipment (Note 7)	2,709,272	2,860,794
	$ 2,828,123	2,937,668
Liabilities		
Current liabilities:		
Payables and accruals (Note 9)	$ 14,271	14,593
Due to Central Regional Health Authority	108,095	131,753
Current portion of long-term debt	158,244	150,389
Total current liabilities	280,610	296,735
Security deposit liability	12,105	12,267
Long-term debt (Note 11)	2,439,511	2,598,885
Replacement reserve (Note 14)	44,003	13,770
	2,776,229	2,921,657
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	119,550	119,550
Unrestricted net assets (deficit)	(67,656)	(103,539)
	51,894	16,011
	$ 2,828,123	2,937,668

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008			2007
	Invested in Property, Plant And Equipment	Unrestricted	Total	Total
Balance, beginning	$ 119,550	(103,539)	16,011	(21,745)
Excess (deficiency) of revenue over expenditure	(151,519)	187,402	35,883	37,756
Repayment of long-term debt (Note 15)	151,519	(151,519)	-	-
Balance (deficit), ending	$ 119,550	(67,656)	51,894	16,011

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Operations

Year ended March 31, 2008

	2008		2007
	Budget	Actual	Actual
Revenue:			
Rentals	$ 572,516	546,760	559,755
NLHC subsidy	187,121	193,657	177,721
Interest	500	936	1,115
	760,137	741,353	738,591
Expenditures:			
Administration	9,300	9,300	9,300
Allocation to replacement reserve	30,220	30,220	30,220
Amortization	151,522	151,522	125,573
Fire and safety	2,856	2,856	2,856
Heat and light	161,127	155,692	148,603
Insurance	5,400	5,283	5,731
Mortgage interest	187,281	145,226	200,397
Municipal taxes	52,000	49,361	48,702
Office	100	264	269
Other	100	-	-
Professional fees	1,000	5,592	1,500
Repairs and maintenance	40,000	32,874	27,841
Salaries and benefits	93,713	79,832	70,395
Snowclearing	23,000	34,957	26,847
Telephone	2,300	2,101	2,292
Travel	218	390	309
	760,137	705,470	700,835
Excess of revenue over expenditures	$ -	35,883	37,756

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGES UNITS PHASE I, II, III

Statement of Cash Flow

Year ended March 31, 2008

	2008	2007
Cash flows:		
Operations:		
Excess of revenue over expenditure	$ 35,883	37,756
Amortization	151,522	125,573
	187,405	163,329
Changes in:		
Receivables	(3,884)	(560)
Prepaids	1,141	(1,574)
Payables and accruals	(322)	(10,430)
Due to Central Regional Health Authority	(23,658)	(104,427)
	160,682	46,338
Financing:		
Principal repayments	(151,519)	(125,577)
Net increase (decrease) in cash	9,163	(79,239)
Cash:		
Beginning	1,335	80,574
Ending	$ 10,498	1,335

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Cash	$ 9,584	9,177
Receivables (Note 3)	8,191	9,777
Prepaids (Note 5)	3,710	4,014
Total current assets	21,485	22,968
Cash restricted for security deposits	1,415	1,415
Due from NLHC for replacement reserve	108,330	108,330
Property, plant and equipment (Note 7)	538,176	558,082
	$ 669,406	690,795
Liabilities		
Current liabilities:		
Payables and accruals (Note 9)	$ 7,910	3,601
Due to Central Regional Health Authority	13,575	19,367
Current portion of long-term debt	25,385	16,695
Total current liabilities	46,870	39,663
Security deposit liability	1,415	1,415
Long-term debt (Note 11)	497,791	526,387
Replacement reserve (Note 14)	108,330	108,330
	654,406	675,795
Net assets, per accompanying statement		
Invested in property, plant and equipment	15,000	15,000
	$ 669,406	690,795

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008			2007
	Invested in Property, Plant And Equipment	Unrestricted	Total	Total
Balance, beginning	$ 15,000	-	15,000	15,000
Excess of revenue over expenditure	(19,906)	19,906	-	-
Repayment of long-term debt (Note 15)	19,906	(19,906)	-	-
Balance, ending	$ 15,000	-	15,000	15,000

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Operations

Year ended March 31, 2008

	2008		2007
	Budget	Actual	Actual
Revenue:			
Rentals	$ 54,740	47,534	46,626
NLHC subsidy	32,501	37,710	40,195
Interest	-	140	286
	87,241	85,384	87,107
Expenditure:			
Administration	3,600	3,600	3,600
Amortization	19,906	19,906	16,295
Heat and light	14,000	15,131	14,683
Insurance	600	528	578
Mortgage interest	22,870	22,791	31,592
Municipal taxes	5,185	4,824	5,072
Office	400	-	-
Other	25	-	-
Professional fees	1,650	1,500	1,613
Provision for doubtful	-	-	781
Repairs and maintenance	3,800	4,035	3,161
Salaries and benefits	11,000	8,467	6,676
Snowclearing	3,975	3,496	2,685
Telephone	230	428	229
Travel	-	678	142
	$ 87,241	85,384	87,107

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

NORTH HAVEN MANOR COTTAGE UNITS PHASE IV

Statement of Cash Flow

Year ended March 31, 2008	**2008**	2007
Cash flows:		
Operations:		
Amortization	**$ 19,906**	16,295
Changes in:		
Receivables	**1,586**	19,142
Prepaids	**304**	(255)
Payables and accruals	**4,309**	(8,296)
Due to Central Regional Health Authority	**(5,792)**	(8,880)
	20,313	18,006
Financing:		
Principal repayments	**(19,906)**	(16,295)
Net increase in cash	**407**	1,711
Cash:		
Beginning	**9,177**	7,466
Ending	**$ 9,584**	9,177

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Cash	$ 115,460	40,420
Receivables (Note 3)	5,658	6,315
Prepaids (Note 5)	25,876	23,445
Total current assets	146,994	70,180
Cash restricted for security deposits	10,703	7,556
Replacement reserve cash	5,132	17,851
Property, plant and equipment (Note 7)	1,972,583	2,133,822
	$ 2,135,412	2,229,409
Liabilities		
Current liabilities:		
Payables and accruals (Note 9)	$ 8,573	9,404
Due to Central Regional Health Authority	244,265	137,757
Current portion of long-term debt	166,270	160,360
Total current liabilities	419,108	307,521
Security deposit liability	10,703	7,556
Long-term debt (Note 11)	1,773,089	1,940,238
Replacement reserves (Note 14)	5,132	17,851
	2,208,032	2,273,166
Net assets, per accompanying statement		
Net assets invested in property, plant and equipment	26,872	26,872
Unrestricted net assets (deficit)	(99,492)	(70,629)
	(72,620)	(43,757)
	$ 2,135,412	2,229,409

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008			2007
	Invested in Property, Plant And Equipment	Unrestricted	Total	Total
Balance (deficit), beginning	$ 26,872	(70,629)	(43,757)	(13,307)
Excess (deficiency) of revenue over expenditure	(161,239)	132,376	(28,863)	(30,450)
Repayment of long-term debt (Note 15)	161,239	(161,239)	-	-
Balance (deficit), ending	$ 26,872	(99,492)	(72,620)	(43,757)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Operations

Year ended March 31, 2008

	2008		2007
	Budget	**Actual**	Actual
Revenue:			
Rental revenue	**$ 464,061**	**435,768**	421,405
NLHC subsidy	**69,084**	**68,609**	70,669
	533,145	**504,377**	492,074
Expenditures:			
Allocation to replacement reserve	**28,928**	**28,928**	26,517
Amortization	**152,000**	**161,239**	153,095
Cable television	**16,500**	**15,889**	15,631
Heat and light	**111,000**	**110,499**	107,649
Insurance	**4,367**	**4,367**	4,367
Mortgage interest	**100,000**	**88,500**	98,205
Municipal taxes	**32,625**	**31,914**	32,253
Office	**1,050**	**774**	627
Professional fees	**1,800**	**1,800**	1,500
Repairs and maintenance	**29,000**	**32,479**	29,162
Salaries and benefits	**49,375**	**49,174**	47,116
Snowclearing	**6,500**	**7,358**	6,141
Travel	-	**319**	261
	533,145	**533,240**	522,524
Excess (deficiency) of revenue over expenditures	**$ -**	**(28,863)**	(30,450)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

VALLEY VISTA COTTAGES

Statement of Cash Flow

Year ended March 31, 2008	2008	2007
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	$(28,863)	(30,450)
Amortization	161,239	153,095
	132,376	122,645
Changes in:		
Receivables	657	(24)
Prepaids	(2,431)	1,136
Payables and accruals	(831)	(1,167)
Due to Central Regional Health Authority	106,508	54,569
	236,279	177,159
Financing:		
Principal repayments	(161,239)	(153,095)
Net increase in cash	75,040	24,064
Cash:		
Beginning	40,420	16,356
Ending	$ 115,460	40,420

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Receivables (Note 3)	$ -	544
Due from Central Regional Health Authority	8,971	10,326
Total current assets	8,971	10,870
Due from NLHC for replacement reserves	118,765	126,933
Property, plant and equipment (Note 7)	619,808	641,975
	$ 747,544	779,778
Liabilities		
Current liabilities:		
Payables and accruals (Note 9)	$ 8,971	10,870
Current portion of long-term debt	23,491	22,256
Total current liabilities	32,462	33,126
Long-term debt (Note 11)	596,317	619,719
Replacement reserves (Note 14)	118,765	126,933
	747,544	779,778
Net assets, per accompanying statement	-	-
	$ 747,544	797,778

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008			2007
	Invested in Property, Plant And Equipment	Unrestricted	Total	Total
Balance, beginning	$ -	-	-	-
Excess of revenue over expenditure	(22,167)	22,167	-	-
Repayment of long-term debt (Note 15)	22,167	(22,167)	-	-
Balance, ending	$ -	-	-	-

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Operations

Year ended March 31, 2008

	2008		2007
	Budget	**Actual**	Actual
Revenue:			
Rentals	**$ 53,508**	**60,537**	58,469
NLHC subsidy	**64,923**	**60,947**	56,447
Surcharges - utilities	**3,120**	**3,092**	3,109
- laundry	**1,440**	**1,426**	1,435
	$ 122,991	**126,002**	119,460
Expenditure:			
Administration allowance	**$ 6,508**	**6,403**	6,273
Amortization	**22,167**	**22,167**	21,069
Fire and safety	**1,000**	**-**	-
Heat and light	**19,500**	**20,683**	20,093
Insurance	**700**	**699**	699
Mortgage interest	**34,450**	**34,450**	35,450
Municipal taxes	**7,958**	**7,958**	8,198
Professional fees	**2,400**	**2,400**	2,400
Repairs and maintenance	**23,308**	**21,898**	20,351
Snowclearing	**5,000**	**9,344**	4,927
	$ 122,991	**126,002**	119,460

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

BONNEWS LODGE APARTMENT COMPLEX

Statement of Cash Flow

Year ended March 31, 2008

	2008	2007
Cash flows:		
Operations:		
Amortization	**$ 22,167**	21,069
Changes in:		
Receivables	**544**	13,093
Payables and accruals	**(1,899)**	4,701
Due to (from) Central Regional Health Authority	**1,355**	(17,794)
	22,167	21,069
Financing:		
Principal repayments	**(22,167)**	(21,069)
Net increase in cash	**-**	-
Cash, net of bank indebtedness:		
Beginning	**-**	-
Ending	**$ -**	-

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Cash	$ 37,211	37,211
Endowment fund contribution receivable	70,000	-
Due from Central Regional Health Authority	180,709	252,200
Total current assets	287,920	289,411
Investments restricted for general endowment fund (Note 6)	85,454	-
	$ 373,374	289,411
Liabilities		
Current liabilities:		
Deferred donations	$ 298,097	298,272
Deferred capital grants	15,000	-
Accrued vacation pay	609	1,749
Total current liabilities	313,706	300,021
Net assets, per accompanying statement		
Net assets restricted for general endowment fund	85,454	-
Unrestricted net assets (deficit)	(25,786)	(10,610)
	59,668	(10,610)
	$ 373,374	289,411

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008			2007
	Restricted for General Endowment Fund	**Unrestricted Operating**	**Total**	Total
Balance (deficit), beginning:	**$ -**	**(10,610)**	**(10,610)**	(20,346)
Excess of revenue over expenditure	-	**278**	**278**	9,736
Endowment fund contribution	**70,000**	-	**70,000**	-
Transfers to endowment fund:				
Transferred from unrestricted operating	**15,000**	**(15,000)**	-	-
Reinvested investment income	**454**	**(454)**	-	-
Balance (deficit), ending	**$ 85,454**	**(25,786)**	**59,668**	(10,610)

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION

Statement of Operations

Year ended March 31, 2008

	2008	2007
Revenue:		
Donations	$ 283,840	286,454
Staff lottery	33,743	21,597
Endowment fund investment income	454	-
Other	14,291	15,253
	332,328	323,304
Expenditure:		
Capital equipment donations:		
Auto Kerato	16,098	-
Audio Scan	15,699	-
Versacare bed	13,900	-
Grayside monitors	13,301	-
Slit lamp	12,537	-
Sleep study	9,818	-
Comfort & night chairs	9,418	-
Workstations	8,926	-
Benchtop centrifuge	8,000	-
Pumps	6,400	-
Broda chairs	6,300	-
Prizm pump	5,964	-
Transport stretchers	9,294	8,573
Ventilator	-	37,114
Drug carts	-	22,564
Colposcope	-	21,467
Maternal monitor	-	19,214
Vital signs monitors	-	13,092
Portable GVL glidescope	-	10,030
Respiratory system	-	7,670
Ultrasound table	-	6,972
Other	83,541	39,408
	219,196	186,104
Minor equipment purchases	901	2,256
Salaries and benefits	68,611	72,140
Office	10,171	15,818
Travel	1,556	3,647
Other supplies and expenses	31,615	33,603
	332,050	313,568
Excess of revenue over expenditure	$ 278	9,736

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

CENTRAL NORTHEAST HEALTH FOUNDATION INC.

Statement of Cash Flow

Year ended March 31, 2008

	2008	2007
Cash flows:		
Operations:		
Excess of revenue over expenditure	$ 278	9,736
Changes in:		
Endowment fund contribution receivable	(70,000)	-
Due from Central Regional Health Authority	71,491	(24,742)
Deferred donations	(175)	14,779
Deferred capital grants	15,000	-
Accrued vacation pay	(1,140)	227
	15,454	-
Investing:		
Increase in general endowment fund investments	(85,454)	-
Donation to general endowment fund	70,000	-
	(15,454)	-
Net increase in cash	-	-
Cash:		
Beginning	37,211	37,211
Ending	$ 37,211	37,211

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Cash	$ 447,505	306,469
Prepaids (Note 5)	1,062	-
Total current assets	448,567	306,469
Investments restricted for general endowment fund (Note 6)	306,347	289,331
Property, plant and equipment (Note 7)	149,737	-
	$ 904,651	595,800
Liabilities		
Current liabilities:		
Due to Central Regional Health Authority:		
Operating	$ 20,234	24,621
Capital	281,410	357,333
Payables and accruals (Note 9)	1,300	-
Deferred capital grants	15,000	-
Current portion of long-term debt	2,786	-
Total current liabilities	320,730	381,954
Long-term debt (Note 11)	114,779	-
	435,509	381,954
Net assets, per accompanying statement:		
Net assets invested in property, plant and equipment	(1,703)	-
Net assets restricted for general endowment fund	306,347	289,331
Unrestricted net assets (deficit)	164,498	(75,485)
	469,142	213,846
	$ 904,651	595,800

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008				2007
	Invested in Property Plant and Equipment	**Restricted for General Endowment Fund**	**Unrestricted Operating**	**Total**	Total
Balance (deficit), beginning	**$ -**	**289,331**	**(75,485)**	**213,846**	77,095
Excess of revenue over expenditure	**(2,538)**	**-**	**257,834**	**255,296**	136,751
Repayment of long-term debt (Note 15)	**835**	**-**	**(835)**	**-**	-
Transfers to endowment fund: Reinvested investment income	**-**	**17,016**	**(17,016)**	**-**	-
Balance (deficit), ending	**$(1,703)**	**306,347**	**164,498**	**469,142**	213,846

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Operations

Year ended March 31, 2008

	2008	2007
Revenue:		
Donations	$ 342,399	338,051
Staff lottery	72,050	55,063
Endowment fund investment income	17,016	36,030
Rental income	5,200	
Interest	17,075	16,232
	453,740	445,376
Expenditure:		
Capital equipment and other donations:		
Training manikins	479	14,324
Furniture	7,404	8,013
Vital signs monitors	5,623	-
Stryker stretchers	9,293	-
Vital signs transport monitor	15,380	-
Ventilator	23,349	-
Telescope and light	6,022	-
Beam seating	5,066	-
Medication carts	-	7,186
Urology laser	-	125,000
Ultrasound transducer	-	19,381
Isolette	-	16,556
Other	27,615	19,583
	100,231	210,043
Rental expenses, including amortization of $2,538	5,392	-
Flight of life project	8,012	-
Salaries and benefits - net	82,791	96,808
Other supplies and expenses	2,018	1,774
	198,444	308,625
Excess of revenue over expenditure	$ 255,296	136,751

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

SOUTH AND CENTRAL HEALTH FOUNDATION

Statement of Cash Flow

Year ended March 31, 2008

	2008	2007
Cash Flows:		
Operations:		
Excess of revenue over expenditure	$ 255,296	136,751
Amortization	2,538	-
	257,834	136,751
Changes in:		
Prepaids	(1,062)	-
Payables and accruals	1,300	-
Deferred capital grant	15,000	-
Due to Central Regional Health Authority	(80,309)	(92,716)
	192,763	44,035
Investing:		
Purchase of property, plant and equipment	(152,275)	-
Increase in general endowment fund investments	(17,016)	(38,030)
	(169,291)	(38,030)
Financing		
Mortgage proceeds	118,399	-
Repayment of long term debt	(835)	-
	117,564	-
Net increase in cash	141,036	6,005
Cash:		
Beginning	306,469	300,464
Ending	$ 447,505	306,469

See accompanying notes

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2008

1. **Nature of operations:**

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Central Regional Health Authority.

Facilities

A. M. Guy Memorial Health Centre
Baie Verte Peninsula Health Centre
Bonnews Lodge Apartment Complex
Brookfield Bonnews Health Care Centre
Carmelite House Senior Citizens Home
Central Newfoundland Regional Health Centre
Central Northeast Health Foundation Inc.
Connaigre Peninsula Community Health Centre
Dr. Hugh Twomey Health Care Centre
Fogo Island Health Care
Green Bay Community Health Centre
James Paton Memorial Regional Health Centre
Lakeside Homes
North Haven Manor Senior Citizens Home
North Haven Manor Cottages
Notre Dame Bay Memorial Health Care
South and Central Health Foundation
Valley Vista Senior Citizens Home
Valley Vista Cottages

Clinics

Carmanville
Centreville
Eastport
Gambo
Gander Bay
Glovertown
Hare Bay
Hermitage
LaScie
Lewisporte
Mose Ambrose
Musgrave Harbour
New World Island
St. Alban's
St. Brendan's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined, are added together to form the combined value of assets, liabilities and net assets of the Authority.

2. **Summary of significant accounting policies:**

These financial statements have been prepared in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

Investments

Investments restricted for general endowment fund are recorded at cost.

2. Summary of significant accounting policies (continued):

Inventories

Inventories are valued determined on the first in first out basis, as follows:

General stores, at average cost
Drugs, at cost

Property, plant and equipment

The Authority has control over certain lands, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under property, plant and equipment.

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution. Property, plant and equipment are being amortized on a declining balance basis over their useful lives, at the following rates:

Land improvements	5%
Buildings and service equipment	5%
Information systems equipment	33.3%
Equipment	12.5%
Motor vehicles	20.0%

In addition, the North Haven Manor Cottage Units Phase I, II, III, North Haven Manor Cottage Units Phase IV, Valley Vista Cottages, Bonnews Lodge Apartment Complex buildings and equipment are being amortized at a rate equal to the annual principal reduction of the mortgages related to the properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

Replacement reserves

Newfoundland and Labrador Housing Corporation (NLHC) requires that Not-for-Profit Housing groups maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of property, plant and equipment. These funds may only be used as approved by NLHC. Withdrawals are charged to interest first and then principal.

Transactions in the reserves are shown in Note 14.

Revenue recognition

Central Regional Health Authority follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to property, plant and equipment are deferred and amortized to revenue at the same rates which the related property, plant and equipment are amortized.

3. Receivables:

	2008	2007
Operating:		
Provincial plan grants - operating	$ 2,792,815	3,219,406
Capital grants	1,402,588	1,502,688
Patient, capital donations, rents and other	3,897,599	3,109,746
MCP	3,138,913	1,201,186
Cancer Foundation	666,922	1,070,385
HST	1,173,953	698,012
	13,072,790	10,801,423
Allowance for doubtful	623,561	460,726
	12,449,229	10,340,697
North Haven Manor Cottage Units Phase I,II,III:		
Trade	5,125	1,241
Due from NLHC - operating subsidy	9,868	9,868
	14,993	11,109
North Haven Manor Cottage Units Phase IV:		
Trade, less allowance for doubtful of $781 (2007 - $781)	1,910	1,988
Due from NLHC - operating subsidy	-	1,508
- replacement reserve	6,281	6,281
	8,191	9,777
Valley Vista Cottages:		
Trade	20	558
Due from NLHC - operating subsidy	5,638	5,757
	5,658	6,315
Bonnews lodge Apartment Complex:		
Due from NLHC - operating subsidy	-	-
- replacement reserve	-	544
	-	544
Central Northeast Health Foundation:		
Endowment fund contribution receivable	70,000	-
	$ 12,548,071	10,368,442

4. Inventories:

	2008	2007
General stores	$ 812,794	846,663
Drugs	1,130,821	1,231,676
	$ 1,943,615	2,078,339

5. Prepaids:

	2008	2007
Operating:		
Equipment maintenance	$ 894,810	474,400
Malpractice and membership fees	103,513	101,709
General insurance	181,117	176,917
Workplace Health, Safety and Compensation Commission	2,819,626	2,207,021
Municipal taxes	387,231	213,331
Other	320,372	489,289
	4,706,669	3,662,667
Municipal taxes:		
North Haven Manor Cottage Units Phase I,II,III	37,252	38,393
North Haven Manor Cottage Units Phase IV	3,710	4,014
Valley Vista Cottages	25,876	23,445
South and Central Health Foundation	1,062	-
	$ 4,774,569	3,728,519

6. Investments restricted for general endowment purposes:

The Central Northeast Health Foundation Inc. and the South and Central Health Foundation maintain a joint investment restricted for general endowment purposes, with their proportionate cost as follows:

	2008	2007
Central Northeast Health Foundation Inc	$ 85,454	-
South and Central Health Foundation	306,347	289,331
	$ 391,801	$ 289,331

The quoted market value of these investments at March 31, 2008 was:

	2008	2007
Central Northeast Health Foundation Inc	$ 89,855	-
South and Central Health Foundation	322,124	322,585
	$ 411,979	322,585

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2008

7. Property, plant and equipment:

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Operating:				
Land	211,522	-	211,522	211,522
Land improvements	1,046,546	629,097	417,449	438,630
Buildings and service equipment	65,619,494	38,388,736	27,230,758	28,663,955
Equipment	85,140,339	60,608,543	24,531,796	21,707,753
Equipment under capital lease	2,469,604	1,966,805	502,799	612,116
Motor vehicles	1,933,809	1,550,008	383,801	190,194
Motor vehicles under capital lease	196,503	131,352	65,151	80,838
	156,617,817	103,274,541	53,343,276	51,905,008
North Haven Manor Cottage Units Phase I,II,III:				
Land	16,900	-	16,900	16,900
Land improvements	180,500	59,155	121,345	128,174
Buildings	3,702,090	1,213,295	2,488,795	2,628,860
Equipment	122,320	40,088	82,232	86,860
	4,021,810	1,312,538	2,709,272	2,860,794
North Haven Manor Cottage Units, Phase IV:				
Land	24,571	-	24,571	24,571
Buildings	687,616	174,011	513,605	533,511
	712,187	174,011	538,176	558,082
Valley Vista Cottages:				
Land	27,014	-	27,014	27,014
Buildings	3,588,770	1,652,670	1,936,100	2,095,717
Equipment	33,262	23,793	9,469	11,091
	3,649,046	1,676,463	1,972,583	2,133,822
Bonnews Lodge Apartment Complex:				
Land	774	-	774	774
Buildings	870,022	255,371	614,651	636,661
Equipment	6,204	1,821	4,383	4,540
	877,000	257,192	619,808	641,975
South and Central Health Foundation				
Land	33,134	-	33,134	-
Building	119,141	2,538	116,603	-
	152,275	2,538	149,737	-
	$ 166,030,135	106,697,283	59,332,851	58,099,681

8. Bank indebtedness:

	2008	2007
Operating:		
Cash	$ 17,820	19,190
Due to bank on current account	(11,494,971)	(9,844,251)
	(11,477,151)	(9,825,061)
Cash and bank other:		
North Haven Manor Cottage Units Phase I,II,III	10,498	1,335
North Haven Manor Cottage Units Phase IV	9,584	9,177
Valley Vista Cottages	115,460	40,420
Central Northeast Health Foundation	37,211	37,211
South & Central Health Foundation	447,505	306,469
	$(10,856,893)	(9,430,449)

The Authority has access to a $15 million line of credit in the form of revolving demand loans at its bankers. These loans have been approved by the Minister of Health and Community Services.

9. Payables and accruals:

	2008	2007
Operating:		
Trade	$ 15,443,809	15,210,423
Residents comfort fund	54,015	23,401
Accrued - wages	6,494,859	6,184,495
- interest	124,753	104,206
- other	60,200	61,000
	22,177,636	21,583,525
North Haven Manor Cottage Units Phase I,II,III:		
Trade	1,036	814
Accrued interest	13,235	13,779
	14,271	14,593
North Haven Manor Cottage Units Phase IV:		
Trade	1,613	1,613
Accrued interest	1,910	1,988
Due to NLHC - operating subsidy	4,387	-
	7,910	3,601
Valley Vista Cottages:		
Trade	1,500	1,500
Accrued interest	7,073	7,904
	8,573	9,404
Bonnews Lodge Apartment Complex:		
Accrued interest	3,000	3,000
Due to NLHC - operating subsidy	5,971	7,870
	8,971	10,870
South and Central Health Foundation - deferred revenue	1,300	-
	$ 22,218,661	21,621,993

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2008

10. Deferred grants and donations:

	2008	2007
Operating:		
Deferred operating grants	$ 2,982,043	2,666,940
Deferred capital grants	2,424,039	3,062,790
	5,406,082	5,729,730
Central Northeast Health Foundation Inc.:		
Deferred donations	298,097	298,272
Deferred capital grants	15,000	-
South and Central Health Foundation		
Deferred capital grants	15,000	-
	328,097	298,272
	$ 5,734,179	6,028,002

11. Long-term debt:

	2008	2007
Operating:		
4.59% CMHC 1st mortgage on Bonnews Lodge: repayable in equal monthly installments of $10,248, interest included; maturing August, 2011	$ 353,113	457,496
3.71% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of $12,847, interest included; maturing April, 2020, renewable October, 2010	1,501,951	1,598,694
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of $4,574, interest included; maturing July, 2023, renewable July, 2008	503,296	520,221
Prime plus 1% Bank of Nova Scotia deferred demand loan; repayable in equal monthly installments of $3,056, plus interest; maturing November, 2018	394,145	427,761
5.15% Canadian Imperial Bank of Commerce loan for Carmelite House, unsecured; repayable in equal monthly installments of $64,153, interest included; maturing March, 2027	9,365,858	9,645,585
7.25% Canadian Imperial Bank of Commerce mortgage on Botwood housing; repayable in equal monthly installments of $510, interest included; maturing July, 2028, renewable July, 2010	63,807	65,555
	12,182,170	12,715,312

11. Long-term debt (continued):

Operating balance forward:	**$ 16,786,565**	17,685,045
6.15% Bank of Nova Scotia 1st mortgage on land and building at 1 Newman's Hill, Twillingate; repayable in equal monthly installments of $417, interest included, maturing November, 2024, renewable May, 2008	**59,888**	61,906
6.15% Bank of Nova Scotia 1st mortgage on land and building at 42 Howlett's Road, Twillingate; repayable in equal monthly installments of $392, interest included; maturing June, 2020, renewable May, 2008	**40,553**	42,719
5.6% Bank of Nova Scotia 1st mortgage on land and building at 30 Smith's Lane, Twillingate; repayable in equal monthly installments of $395, interest included; maturing July , 2020, renewable December, 2008	**42,307**	44,636
	16,929,313	17,834,306
Less current portion	**810,471**	911,787
	16,118,842	16,922,519
North Haven Manor Cottage Units Phase I,II,III:		
9.5% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $7,925, interest included; maturing June, 2029	**880,105**	892,042
4.5% Industrial Alliance Insurance and Financial Services Inc. mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $11,699, interest included; maturing January, 2016, renewable February, 2012	**756,930**	826,130
4.16% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $9,292, interest included; maturing November, 2018, renewable December, 2011	**960,720**	1,031,102
	2,597,755	2,749,274
Less current portion	**158,244**	150,389
	2,439,511	2,598,885
North Haven Manor Cottage Units Phase IV:		
4.31% Newfoundland and Labrador Housing Corporation mortgage on North Haven Manor Cottages; repayable in equal monthly installments of $3,565, interest included; maturing July, 2025, renewable April, 2012	**523,176**	543,082
Less current portion	**25,385**	16,695
	497,791	526,387

11. Long-term debt (continued):

Valley Vista Cottages:		
4.59% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $5,138, interest included; maturing June, 2016, renewable August, 2011	**423,506**	464,827
4.28% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $10,416nterest included; maturing December, 2017, renewable December, 2012	**996,510**	1,076,380
4.24% Newfoundland and Labrador Housing Corporation mortgage on Valley Vista Cottages; repayable in equal monthly installments of $5,238, interest included; maturing May, 2018, renewable June, 2008	**519,343**	559,391
	1,939,359	2,100,598
Less current portion	**166,270**	160,360
	1,773,089	1,940,238
Bonnews Lodge Apartment Complex:		
5.5% Newfoundland and Labrador Housing Corporation 1st mortgage on Bonnews Apartment Complex; repayable in equal monthly installments of $4,718, interest included; maturing November, 2024, renewable April, 2009	**619,808**	641,975
Less current portion	**23,491**	22,256
	596,317	619,719
South and Central Health Foundation:		
6.5% Newfoundland and Labrador Credit Union mortgage on therapeutic residence; repayable in bi-weekly installments of $397, interest included, maturing in November 2032, renewable November 2012	**117,565**	-
Less: current portion	**2,786**	-
	114,779	-
	$ 21,540,329	22,607,748

11. Long-term debt (continued):

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2009	$ 1,186,646
2010	1,237,703
2011	1,291,744
2012	1,236,469
2013	1,290,997

Interest subsidy:

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2008 was $107,256 (2007 - $108,452) for operating facilities and $360,833 (2007 - $345,032) for the Authority's Cottage operations.

12. Obligations under capital lease:

The Authority has entered into a number of agreements whereby it leases certain equipment for a term of five years. These leases are accounted for as capital leases with the Authority treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 5.37% to 7.534%.

The following is a schedule of future minimum lease payments under the capital leases:

Year ending March 31

2008	**$ -**	138,214
2009	**137,998**	138,214
2010	**134,371**	134,497
2011	**24,459**	24,497
2012	**8,154**	8,167
Total minimum lease payments	**304,982**	443,589
Less amount representing interest	**31,169**	50,593
Balance of obligation	**273,813**	392,996
Less current portion	**126,281**	119,237
	$ 147,532	273,759

13. Unamortized deferred contribution related to property, plant and equipment:

Deferred contributions related to property, plant and equipment represent restricted contributions with which property, plant and equipment were originally purchased. The changes in the deferred contributions for the year are as follows:

	2008	2007
Balance, beginning	$ 23,821,781	24,760,418
Add:		
Capital equipment grants	7,223,739	1,728,330
Donated equipment	307,451	246,312
	31,352,971	26,735,060
Deduct:		
Amortization	3,898,553	2,913,279
Balance, ending	$ 27,454,418	23,821,781

CENTRAL REGIONAL HEALTH AUTHORITY

Notes to the Financial Statements

March 31, 2008

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14. Replacement reserves:

	2008	2007
North Haven Manor Cottage Units Phase I,II,III:		
Balance, beginning	$ 13,770	47,132
Add:		
Allocation for year	30,220	30,220
Contributions from Authority	12,900	12,900
	56,890	90,252
Less:		
Approved expenditures	12,887	76,482
Balance, ending	44,003	13,770
North Haven Manor Cottage Units Phase IV:		
Balance, beginning	108,330	123,177
Less:		
Approved expenditures	-	14,847
Balance, ending	108,330	108,330
Valley Vista Cottages:		
Balance, beginning	17,851	8,342
Add:		
Allocation for year	28,928	26,517
Interest income	17	-
	46,796	34,859
Less:		
Approved expenditures	41,664	17,008
Balance, ending	5,132	17,851
Bonnews Lodge Apartment Complex:		
Balance, beginning	126,933	126,933
Less:		
Approved expenditures	8,168	-
Balance, ending	118,765	126,933
	$ 276,230	266,884

14. Replacement reserves (continued):

Funding:		
Replacement reserve funds	$ 49,135	31,621
Due from Newfoundland and Labrador Housing Corporation	227,095	235,263
	$ 276,230	266,884

15. Investment in property, plant and equipment:

	2008	2007
Operating:		
Repayment of long-term debt	$ 936,330	1,006,982
Repayment of capital leases	119,183	112,688
Purchase of property, plant and equipment with unrestricted resources	-	170,880
	1,055,513	1,290,550
Cottages and Foundations repayment of long-term debt:		
North Haven Manor Cottage Units Phase I,II,III	151,519	125,577
North Haven Manor Cottage Units Phase IV	19,906	16,295
Valley Vista Cottages	161,239	153,095
Bonnews Lodge Apartment Complex	22,167	21,069
South and Central Health Foundation	835	-
	$ 1,411,179	1,606,586

16. Commitments:

Operating leases

The Authority has a number of agreements whereby it leases property and equipment in addition to those disclosed under Note 12. These agreements range in terms from one to five years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2009	$ 688,858
2010	665,337
2011	506,481
2012	465,790
2013	248,469

16. Commitments (continued):

Energy performance contract

The Authority entered into Energy Performance Contracts during 2001 and 2000 with Enerplan Consultants Ltd. for the design and implementation of measures to improve energy efficiency, wherein Enerplan guaranteed the energy savings component.

The contracts were crystallized at $4,450,214 and $1,247,329 and are being repaid from operating and energy savings over a ten year period having commenced in August, 2002 and January, 2000, respectively.

These contracts were financed through the Canadian Imperial Bank of Commerce for Central West and Associates Capital Limited.

As support for this financing, Enerplan Consultants Ltd., has assigned to the financiers any funds due to them by the Authority for the energy savings component of the contract.

In the opinion of management of the Authority, the guaranteed energy savings component of Enerplan Consultants Ltd. is an offset to the obligations of the Authority to the Canadian Imperial Bank of Commerce and Associates Capital Limited and as a consequence neither the capital expenditures or the financing obligations are reflected in these financial statements of the Authority at March 31, 2008.

17. Contingency

As of March 31, 2008 there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management and the insurers believe any claims, if successful, will be covered by liability insurance.

COLLEGE OF THE NORTH ATLANTIC

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2008

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Governors of the **College of the North Atlantic**

We have audited the statement of financial position of the **College of the North Atlantic** as at March 31, 2008 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2008, and the results of its operations and the changes in net assets and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland
June 16, 2008

College of the North Atlantic
Statement of Financial Position
March 31, 2008

	2008	2007
Assets		
Current assets		
Cash	$ 32,936,016	$ 39,275,961
Receivables - Note 2	12,253,112	8,975,432
Inventory	1,328,381	1,045,601
Prepaid expenses	850,836	742,118
Total current assets	47,368,345	50,039,112
Property, plant & equipment - Note 3	15,377,442	12,525,232
Trust accounts - Note 4	727,799	544,257
	$ 63,473,586	$ 63,108,601
Liabilities and Equity		
Current liabilities		
Payables and accruals - Note 5	$ 12,063,965	$ 17,544,453
Deferred revenue - Note 6	4,912,758	5,075,405
Due to Qatar Campus - Note 10	8,582,087	17,103,110
Vacation entitlement - management	1,695,313	1,710,771
Vacation entitlement - other	4,366,289	4,982,879
Severance - current portion	1,000,000	1,000,000
Total current liabilities	32,620,412	47,416,618
Trust and scholarship accounts - Note 4	727,799	544,257
Deferred capital contributions - Note 7	5,713,948	5,002,531
Severance	11,054,336	10,915,592
	50,116,495	63,878,998
Surplus (deficit) per accompanying statement	13,357,091	(770,397)
	$ 63,473,586	$ 63,108,601

Contingent liability - Note 11

Approved:

Board Chair ____________________

Audit Committee Chair ____________________

College of the North Atlantic
Statement of Operations
Year Ended March 31, 2008

	2008	2007
Revenue - Schedule 1		
Grant-in-aid	$ 71,270,800	$ 62,267,212
Facilities	534,363	27,184
Administration	1,654,626	846,856
Instructional	26,885,325	24,624,270
Student services	671,507	615,853
Information technology	410,744	408,470
Resale	4,352,380	4,030,517
Apprenticeship	2,773,794	2,816,404
Continuing education	656,760	679,696
Contracts	6,889,457	7,547,112
International	582,537	671,740
Special projects	9,252,987	8,573,909
Total revenue	125,935,280	113,109,223
Expenditure - Schedules 2 to 13		
Facilities	5,947,249	5,770,623
Administration	13,885,620	13,282,362
Instructional	61,840,706	54,550,156
Student services	9,267,170	8,789,288
Information technology	6,584,468	6,521,319
Resale	5,139,696	4,664,765
Apprenticeship	2,453,362	2,360,374
Continuing education	618,812	603,860
Contracts	5,979,775	6,487,548
International	523,070	602,494
Special projects	2,591,303	3,939,526
Total expenditure before special item	114,831,231	107,572,315
Special item - recovery of rent accrual - Note 12	(2,734,561)	
Total expenditure	112,096,670	107,572,315
Surplus before unfunded adjustments	13,838,610	5,536,908
Unfunded adjustments:		
Severance	(327,712)	(182,340)
Vacation pay	616,590	(816,100)
Total unfunded adjustments	288,878	(998,440)
Surplus of revenue over expenditures	$ 14,127,488	$ 4,538,468

College of the North Atlantic
Statement of Changes in Net Assets
Year Ended March 31, 2008

	Operating	Property Plant & Equipment	Severance and Annual Leave	2008 Total	2007 Total
Balance, beginning	$ 8,323,370	7,522,701	(16,616,468)	(770,397)	$ (5,308,865)
Property, plant & equipment purchases during year	(6,601,087)	6,601,087			
Amortization of property, plant & equipment	3,719,903	(3,719,903)			
Capital grants received during the year	2,499,144	(2,499,144)			
Amortization of deferred capital contributions	(1,787,727)	1,787,729			
Net book value of property, plant & equipment disposed during the year	28,974	(28,974)			
Surplus of revenue over expenditure per accompanying statement	13,838,610		288,878	14,127,488	4,538,468
Balance, ending	$ 20,021,187	$ 9,663,496	$ (16,327,590)	$ 13,357,091	$ (770,397)

College of the North Atlantic

Statement of Cash Flow

Year Ended March 31, 2008

	2008	2007
Cash flows:		
Surplus of revenue over expenditure	$ **14,127,488**	$ 4,538,468
Add items of a non - cash nature:		
Loss (gain) of property, plant & equipment	**(1,287)**	765
Loss (gain) on disposal of property, plant & equipment	**(215,901)**	(47,904)
Amortization	**3,719,903**	2,999,817
	17,630,203	7,491,146
Changes in:		
Current assets	**(3,669,178)**	(3,169,605)
Current liabilities	**(14,796,206)**	15,116,562
Accrued severance	**138,744**	366,470
	(696,437)	19,804,573
Financing:		
Change in deferred capital contributions	**711,417**	833,234
Investing:		
Proceeds from sale of property, plant & equipment	**246,162**	52,264
Additions to property, plant & equipment	**(6,601,087)**	(7,840,193)
	(6,354,925)	(7,787,929)
Net increase (decrease) in cash	**(6,339,945)**	12,849,878
Cash, beginning	**39,275,961**	26,426,083
Cash, ending	$ **32,936,016**	$ 39,275,961

Schedule 1

College of the North Atlantic
Revenue
Year Ended March 31, 2008

	2008	2007
Grant-in-aid	$ 71,270,800	$ 62,267,212
Facilities		
Amortization of deferred capital contribution	21,460	15,273
Classroom/video rental	15,000	8,750
Parking	1,411	3,161
Other	496,492	0
	534,363	27,184
Administration		
Interest	410,319	439,192
Amortization of deferred capital contribution	10,284	72,028
Gain on disposal of capital assets	217,189	47,139
Other	1,016,834	288,497
	1,654,626	846,856
Instructional		
Tuition	9,098,670	8,436,599
Equipment and materials	1,417,333	1,350,312
Subsidy	12,834,322	12,449,299
Amortization of deferred capital contribution	1,549,338	1,317,651
Daycare	311,773	291,179
Other	1,673,889	779,230
	26,885,325	24,624,270
Student services		
Application fee	225,234	190,195
Registration fee	322,247	322,156
Amortization of deferred capital contribution	10,607	11,815
Other	113,419	91,687
	671,507	615,853
Information technology		
Amortization of deferred capital contribution	185,824	174,280
Other	224,920	234,190
	410,744	408,470
Continuing education		
Tuition	652,860	676,506
Other	3,900	3,190
	656,760	679,696
Contracts		
Tuition	5,003,633	5,013,509
Apprenticeship/Post Journey	67,495	98,673
Other	1,818,329	2,434,930
	6,889,457	7,547,112

Schedule 1

College of the North Atlantic
Revenue
Year Ended March 31, 2008

Resale		
Bookstore	**2,887,369**	2,753,142
Food services	**1,085,825**	928,268
Residence	**365,663**	312,491
Amortization of deferred capital contribution	**10,216**	7,866
Other	**3,307**	28,750
	4,352,380	4,030,517
Apprenticeship		
Apprenticeship	**2,773,794**	2,816,404
	2,773,794	2,816,404
International		
International	**582,537**	671,740
	582,537	671,740
Special projects		
Qatar (net) - Note 10	**6,312,168**	4,984,365
Other projects	**2,940,819**	3,589,544
	9,252,987	8,573,909
	$ 125,935,280	$ 113,109,223

Schedule 2

College of the North Atlantic
Summary of Facilities Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 1,386,681	$ 1,238,004
Professional development	2,259	4,671
Professional fees	76,091	122,263
Travel	13,177	23,324
Insurance	337,919	320,621
Interest charges		176,215
Photocopying/printing	831	1,586
Office related supplies	909	1,135
General advertising	1,454	
Freight and customs	1,724	805
Telephone	2,845	27,136
Utilities	1,457,290	1,315,439
Repairs and maintenance	1,243,228	1,049,318
Vehicle operations	136,426	133,404
Equipment rentals	25,385	7,762
Facilities rentals	825,318	1,039,684
Protective clothing	11,161	10,269
Amortization	58,967	45,768
Computer supplies	1,396	43
Minor equipment and tools	72,122	57,917
Minor computer equipment	1,615	2,810
Materials and supplies	290,451	192,449
	$ 5,947,249	$ 5,770,623

Schedule 3

College of the North Atlantic
Summary of Administration Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 9,358,498	$ 8,818,147
Professional development	169,785	138,464
Employee recognition and wellness	16,964	17,140
Professional fees	201,603	231,161
Travel	377,907	377,779
Recruitment and relocation	197,123	133,807
Insurance	4,350	880
Interest charges	1,166	156
Bank charges	116,341	132,818
Photocopying/printing	328,259	344,760
Office related supplies	388,691	441,300
Membership fees	67,831	101,868
General advertising	283,619	275,866
Doubtful receivables	251,397	176,598
Freight and customs	136,513	116,025
Telephone	761,894	982,632
Utilities	3,253	2,450
Repairs and maintenance	82,579	103,091
Vehicle operations	17,451	5,323
Equipment rentals	20,688	31,822
Protective clothing	5,313	9,545
Amortization	104,117	133,273
Laundry and drycleaning	3,109	1,318
Computer supplies	45,687	41,647
Contracted Services	7,413	
Educational materials	18,460	34,220
Student related	8,920	54,410
Minor equipment and tools	181,360	145,015
Minor computer equipment	96,826	113,189
Materials and supplies	628,503	317,658
	$ 13,885,620	$ 13,282,362

Schedule 4

College of the North Atlantic
Summary of Instructional Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 50,774,182	$ 43,769,343
Professional development	352,169	342,333
Professional fees	343,113	136,122
Travel	583,604	355,748
Recruitment and relocation	90,230	27,979
Insurance	3,527	244
Photocopying/printing	204,849	178,944
Office related supplies	62,276	58,142
Membership fees	25,332	18,324
General advertising	251,818	189,552
Freight and customs	101,527	85,647
Telephone	149,103	150,522
Utilities	6,489	7,409
Repairs and maintenance	302,501	236,482
Vehicle operations	476,317	411,244
Equipment rentals	111,858	9,323
Facilities rentals	128,780	130,413
Protective clothing	38,497	52,501
Amortization	3,061,562	2,475,067
Food cost	112,287	119,733
Laundry and drycleaning	4,036	4,157
Textbooks and supplies	3,392	2,457
Computer supplies	181,526	326,987
Contracted services	171,169	140,487
Educational materials	109,603	139,712
Daycare operations	134,291	104,340
Student related	184,078	950,888
Minor equipment and tools	1,246,310	1,032,099
Minor computer equipment	506,385	1,101,787
Materials and supplies	2,119,895	1,992,170
	$ 61,840,706	$ 54,550,156

Schedule 5

College of the North Atlantic
Summary of Student Services Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 7,430,797	$ 7,180,805
Professional development	31,939	9,286
Employee recognition and wellness	470	429
Professional fees	21,158	22,320
Travel	134,896	124,413
Recruitment and relocation	85	702
Insurance	31,578	112,442
Photocopying/printing	132,469	99,066
Office related supplies	75,005	73,561
Membership fees	6,407	6,965
General advertising	362,323	420,813
Freight and customs	19,859	20,048
Telephone	31,416	41,108
Repairs and maintenance	248	2,691
Equipment rentals		110
Facilities rentals	13,171	2,700
Protective clothing	517	80
Amortization	27,190	21,794
Computer supplies	12,132	32,997
Contracted services	113,115	112,875
Educational materials	214,614	168,522
Student related	310,175	55,770
Minor equipment and tools	141,813	126,719
Minor computer equipment	38,444	60,347
Materials and supplies	117,349	92,725
	$ 9,267,170	$ 8,789,288

Schedule 6

College of the North Atlantic
Summary of Information Technology Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 3,284,002	$ 2,791,552
Professional development	273,311	95,766
Professional fees	51,970	1,289
Travel	76,324	57,546
Photocopying/printing	1,020	1,417
Office related supplies	6,582	6,772
Freight and customs	3,445	3,939
Telephone	35,026	38,591
Repairs and maintenance	9,523	6,810
Protective clothing	25	116
Amortization	453,700	303,565
Computer supplies	2,190,977	2,156,187
Minor equipment and tools	22,488	27,523
Minor computer equipment	146,742	995,174
Materials and supplies	29,333	35,072
	$ 6,584,468	$ 6,521,319

Schedule 7

College of the North Atlantic
Summary of Resale Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 1,631,995	$ 1,470,192
Professional development	1,578	3,142
Travel	4,880	1,755
Photocopying/printing	4,699	8,296
Office related supplies	12,811	31,485
General advertising	2,519	14,898
Freight and customs	139,966	139,644
Telephone	2,332	3,346
Utilities	14,848	12,609
Repairs and maintenance	26,717	13,134
Protective clothing	12,212	12,848
Amortization	14,367	20,411
Food cost	789,289	663,706
Laundry and drycleaning	30,659	15,706
Textbooks and supplies	2,369,492	2,178,153
Computer supplies	456	2,056
Minor equipment and tools	31,085	30,749
Minor computer equipment	6,563	3,556
Materials and supplies	43,228	39,079
	$ 5,139,696	$ 4,664,765

Schedule 8

College of the North Atlantic
Summary of Apprenticeship Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 1,864,942	$ 1,764,381
Professional fees	4,000	
Travel	1,601	6,991
Photocopying/printing	2,484	3,523
Office related supplies	496	386
General advertising	4,836	517
Freight and customs	4,264	4,445
Repairs and maintenance	2,609	9,599
Vehicle operations	1,195	637
Equipment rentals	583	30
Protective clothing	3,351	4,060
Food cost	23,950	60,350
Laundry and drycleaning	4,311	4,241
Computer supplies	1,181	5,332
Contracted services	13,400	
Educational materials	20,642	16,675
Student related	235,305	205,343
Minor equipment and tools	56,614	42,601
Minor computer equipment	5,470	9,433
Materials and supplies	202,128	221,830
	$ 2,453,362	$ 2,360,374

College of the North Atlantic
Summary of Continuing Education Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 454,402	$ 468,109
Professional fees	19,144	1,158
Travel	3,630	4,935
Photocopying/printing	1,266	2,081
General advertising	7,766	4,656
Freight and customs	1,168	2,853
Telephone	131	431
Facilities rentals	4,563	5,570
Computer supplies	2,146	
Contracted services	45,536	43,204
Educational materials	1,402	4,195
Student related	31,019	23,041
Minor computer equipment		1,399
Materials and supplies	46,639	42,228
	$ 618,812	$ 603,860

Schedule 10

College of the North Atlantic
Summary of Contract Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 4,163,249	$ 4,450,753
Professional development	5,684	460
Employee recognition and wellness		349
Professional fees	17,214	37,442
Travel	132,239	114,351
Recruitment and relocation	714	3,516
Photocopying/printing	16,497	16,170
Office related supplies	7,421	11,478
Membership fees	11,934	3,184
General advertising	52,339	65,031
Freight and customs	9,230	17,881
Telephone	18,935	23,598
Repairs and maintenance	2,712	13,924
Vehicle operations	70,072	222,167
Equipment rentals	162,441	157,084
Facilities rentals	135,198	12,039
Protective clothing	4,311	3,418
Food cost	34,796	13,715
Computer supplies	17,730	2,230
Contracted services	497,777	485,929
Educational materials	21,083	22,927
Student related	262,626	364,137
Minor equipment and tools	47,362	41,167
Minor computer equipment	18,916	67,474
Materials and supplies	269,295	337,124
	$ 5,979,775	$ 6,487,548

College of the North Atlantic
Summary of International Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 249,354	$ 358,818
Professional development		44
Professional fees	16,138	
Travel	59,976	93,710
Photocopying/printing	5,783	1,751
Office related supplies	2,601	3,364
Membership fees	10,387	13,472
General advertising	44,058	52,949
Freight and customs	13,696	12,072
Telephone	701	925
Textbooks and supplies		997
Computer supplies	2,722	2,275
Contracted services	88,267	36,951
Educational Materials	2,228	4,852
Student related	18,245	7,611
Materials and supplies	8,914	12,703
	$ 523,070	$ 602,494

Schedule 12

College of the North Atlantic
Summary of Special Projects Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 1,590,819	$ 1,724,031
Professional development	21,941	11,731
Professional fees	76,784	333,720
Travel	82,023	170,881
Recruitment and relocation		4,494
Photocopying/printing	7,322	7,531
Office related supplies	5,511	8,470
Membership fees		504
General advertising	26,536	88,695
Freight and customs	3,540	6,521
Telephone	11,722	23,806
Repairs and maintenance	11,875	792,355
Vehicle operations	163	969
Equipment rentals	11,719	724
Facilities rentals	2,117	5,572
Protective Clothing	1,261	185
Food cost	8,429	
Computer supplies	9,372	102,103
Contracted services	137,569	21,572
Educational materials	1,003	6,341
Student related	72,895	61,618
Minor equipment and tools	163,682	113,017
Minor computer equipment	37,280	66,822
Materials and supplies	307,740	387,864
	$ 2,591,303	$ 3,939,526

Schedule 13

College of the North Atlantic
Summary of Expenditures
Year Ended March 31, 2008

	2008	2007
Salaries and benefits	$ 82,188,921	$ 74,034,135
Professional development	858,666	605,897
Employee recognition and wellness	17,434	17,918
Professional fees	827,215	885,475
Travel	1,470,257	1,331,433
Recruitment and relocation	288,152	170,498
Insurance	377,374	434,187
Interest charges	1,166	176,371
Bank charges	116,341	132,818
Photocopying/printing	705,479	665,125
Office related supplies	562,303	636,093
Membership fees	121,891	144,317
General advertising	1,037,268	1,112,977
Doubtful receivables	251,397	176,598
Freight and customs	434,932	409,880
Telephone	1,014,105	1,292,095
Utilities	1,481,880	1,337,907
Repairs and maintenance	1,681,992	2,227,404
Vehicle operations	701,624	773,744
Equipment rentals	332,674	206,855
Facilities rentals	1,109,147	1,195,978
Protective clothing	76,648	93,022
Amortization	3,719,903	2,999,878
Food cost	968,751	857,504
Laundry and drycleaning	42,115	25,422
Textbooks and supplies	2,372,884	2,181,607
Computer supplies	2,465,325	2,671,857
Contracted services	1,074,246	841,018
Educational materials	389,035	397,444
Daycare operations	134,291	104,340
Student related	1,123,263	1,722,818
Minor equipment and tools	1,962,836	1,616,807
Minor computer equipment	858,241	2,421,991
Materials and supplies	4,063,475	3,670,902
	$ 114,831,231	$ 107,572,315

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2008

Authority and Purpose

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. In accordance with Section 6 of the College Act, 1996, the College is a statutory crown corporation and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal taxes. The College is Newfoundland and Labrador's public college. The College is committed to providing accessible, responsive, quality learning opportunities which prepare people to become self-sufficient contributors to social and economic development both in a provincial and global context.

1 Significant accounting policies:

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the College are as follows:

(a) *Revenue recognition*

The College follows the deferral method of accounting for contributions which includes donations and government grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditures were incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual services is recognized as the service is delivered.

(b) *Basis of accounting*

The College follows the accrual basis of accounting.

(c) *Inventory*

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value.

(d) *Property, Plant &Equipment*

Property, plant & equipment recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. Property, plant & equipment acquired after April 1, 1997 are recorded at cost. Amortization is recorded on a straight line basis using the following estimated useful lives:

Artwork	No amortization
Capital improvements	10 and 5 years
ERP - Peoplesoft	10 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

One half year's amortization is taken in the year of acquisition.

No amortization is recorded for assets under development.

The value of donated artwork has not been recorded in these financial statements. An accurate valuation of donated artwork has not been obtained at March 31, 2008.

On disposal, property, plant & equipment are removed from the accounts at their net book value. Proceeds from disposals are recorded and any resulting gain or loss on disposal is realized.

(e) *Severance and vacation pay*

The College is liable for severance pay to employees who have nine or more years of continuous public service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

(f) *Foreign Currencies*

Transactions in foreign currencies are recorded in Canadian dollars at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Statement of Financial Position date. Exchange gains or losses arising from the translations are included in the Statement of Operations.

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2008

2 Receivables

	2008	2007
Government of Newfoundland	$ 2,494,254	$ 1,508,850
HRD Subsidy	5,162,436	1,658,022
Students	1,138,887	1,806,825
Other	4,709,598	5,131,272
	13,505,175	10,104,969
Less allowance for doubtful accounts	1,252,063	1,129,537
	$ 12,253,112	$ 8,975,432

3 Property, Plant & Equipment

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Artwork	$ 5,500	$ 0	$ 5,500	$ 4,400
Capital improvements	8,397,099	4,432,635	3,964,464	1,567,109
Computer and peripherals	8,618,249	7,484,683	1,133,566	1,351,599
Furnishings	605,049	478,301	126,748	79,075
Instructional equipment	31,494,069	25,873,237	5,620,832	4,585,973
Other electronic equipment	324,807	192,961	131,846	89,851
Software	437,030	394,786	42,244	48,742
ERP - Peoplesoft	3,724,969	1,303,739	2,421,230	2,793,727
Vehicles	5,759,832	3,828,820	1,931,012	2,004,756
	$ 59,366,604	$ 43,989,162	$ 15,377,442	$ 12,525,232

The land and buildings being used by the College, with the exception of some rental property, are the properties of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

4 Trust accounts

Trust accounts represent donations and related interest restricted for scholarships, awards and other specified purposes. Changes in the trust account balance are as follows:

	2008	2007
Opening balance	$ 544,257	$ 504,188
Net deposits and payments	164,397	22,782
Interest	19,145	17,287
Closing balance	$ 727,799	$ 544,257

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2008

5 Payables and accruals

	2008	2007
Trade liabilities	$ 5,832,982	10,031,673
Accrued wages and benefits	5,482,464	4,491,635
Deharveng Jubilee Foundation - Note 12		2,734,561
Other	748,519	286,584
	$ 12,063,965	$ 17,544,453

6 Deferred revenue

	2008	2007
HRD Subsidy	$ 1,425,810	1,037,441
Residence and program fees	95,249	78,020
Qatar contribution to ERP	449,839	674,759
Contract training and special projects	2,941,860	3,285,185
	$ 4,912,758	$ 5,075,405

7 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of grants and special funding received for the purchase of property, plant & equipment (PPE). Changes in the deferred capital contributions balances are as follows:

	2008	2007
Balance, beginning of year	$ 5,002,531	$ 4,169,297
Contributions received for PPE purposes		
- Provincial grants	1,500,000	2,100,000
- Special projects	999,144	332,147
Amortization of deferred capital contributions	(1,787,727)	(1,598,913)
	$ 5,713,948	$ 5,002,531

8 Pensions

Under Section 26 of the College Act, 1996, College staff is subject to the Public Service Pension Act, 1996. Employee contributions are matched by the College and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

9 Commitments

Deloitte Inc. Commitment

The College has entered into a contract with Deloitte Inc. to develop and maintain a PeopleSoft integrated computerized information system. Committed payments over the next three years are as follows:

2008-2009	1,315,430
2009-2010	1,476,310
2010-2011	379,172

Lease Commitment

The College leases some equipment and facilities under long-term operating leases. Lease payments for the next five years, committed under operating leases extending beyond one year, are as follows:

2008-2009	1,154,954
2009-2010	1,099,279
2010-2011	1,060,095
2011-2012	1,013,598
2012-2013	1,013,598

10 Comprehensive Agreement with the State of Qatar

The College has a comprehensive agreement with the State of Qatar to establish, operate and administer a College of Applied Arts and Technology in Doha, Qatar for a period, September 30, 2001 to August 31, 2012. The agreement is funded by the State of Qatar. For its services, the College is paid an annual Management Fee of 10% of base salaries. The College receives quarterly advances to cover cash flow requirements.

Due to Qatar

	2008	2007
Cash on Deposit	$ 9,649,883	17,785,730
Less: Accruals	(1,067,796)	(682,620)
Net Liability	$ 8,582,087	17,103,110

Results of Operations

	2008	2007
Gross Proceeds	$ 7,526,173	5,902,220
Management Costs	(1,214,005)	(917,855)
Net Proceeds	$ 6,312,168	$ 4,984,365

College of the North Atlantic
Notes to Financial Statements
For the twelve months ending March 31, 2008

11 **Contingent liability**

Court actions have been initiated in Qatar by former employees to claim end-of-service gratuities equaling three (3) weeks salary for each year employed. Based on legal advice, management feels that the College is not liable. At this time, the amount,if any, of such potential claims is undeterminable.

12 **Rental accrual**

As a result of a new lease between the Roman Catholic Episcopal Corporation for Labrador and the Government of Newfoundland and Labrador, entered into on September 1, 2007, the College has recovered $2,734,561 in unpaid lease payments and related interest for the rental of the former Notre Dame Acadamy, the Labrador West campus. The new lease provides the College with total relief of its liability owing to the corporation.

13 **Financial instruments**

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the relatively short periods to maturity of these instruments.

14 **Comparative figures**

Certain of the 2007 comparative figures have been reclassified to conform to the financial presentation adopted in 2008.

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

FINANCIAL STATEMENTS / AUDITORS' REPORT

June 30, 2007

NOSEWORTHY CHAPMAN
CHARTERED ACCOUNTANTS

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AUDITORS' REPORT

To Conseil Scolaire Francophone Provincial de Terre-Neuve-et-Labrador

We have audited the statement of financial position of the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador as at June 30, 2007 and the related statements of current revenues, expenditures and Board equity, statement of cash flows and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2007 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Noseworthy Chapman

Chartered Accountants
St. John's, Newfoundland & Labrador
August 31, 2007

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

STATEMENT OF FINANCIAL POSITION

June 30, 2007

	2007	2006
Assets		
Current Assets		
Cash (Supp. Info. 1)	$ -	$ 13,434
Short Term Investments (Supp. Info. 2)	352,000	350,000
Accounts Receivable (Note 2)	366,192	328,031
HST Receivable	33,099	46,821
Prepaid Expenses (Supp. Info. 3)	27,097	8,249
Total Current Assets	778,388	746,535
Capital Assets (Sch. 8)	8,000,770	8,194,960
	$ 8,779,158	$ 8,941,495
Liabilities and Board Equity		
Current Liabilities		
Due to bank (Supp. Info.1)	$ 22,631	$ -
Due to the Government of Newfoundland & Labrador	156,422	97,475
Accounts Payable and Accruals (Note 3)	127,428	213,849
Current Maturities	-	-
Total Current Liabilities	306,481	311,324
Long-Term Debt	-	-
Severance Pay Benefits - Teaching staff (Note 5)	164,873	107,096
Severance Pay Benefits - Non-teaching staff (Note 5)	28,128	37,244
Other Employee Benefits - Vacation pay	8,356	28,372
Summer Pay Liability	260,699	233,887
Deferred Revenue	111,054	120,742
	573,110	527,341
Board Equity		
Investment in capital assets (Note 4)	7,980,798	8,172,135
Reserve - (Note 6)	13,500	15,000
Board Equity (Deficit)	(94,731)	(84,305)
Total Board Equity	7,899,567	8,102,830
	8,779,158	$ 8,941,495

See Accompanying Notes

Approved:

__________ Chairperson __________ Director of Education

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Current Revenues, Expenditures and Board Equity (Deficiency)

Year Ended June 30, 2007

	2007	2006
Current Revenue (Schedule 1)		
Federal Government Grants	$ 1,359,007	$ 1,222,951
Provincial Government Grants	4,473,536	4,149,337
Donations	-	-
Ancillary Services	130,019	124,060
Miscellaneous	28,083	15,583
	5,990,645	5,511,931
Current Expenditures		
Pupil Services - federal grant (Schedule 10)	1,051,452	915,868
Administration - (Schedule 2)	429,059	475,953
Community programs - federal grant (Schedule 11)	191,894	154,780
Instruction (Schedule 3)	2,552,888	2,438,817
Operations and Maintenance (Schedule 4)	696,142	482,534
Pupil Transportation (Schedule 5)	321,530	265,580
Amortization of capital assets	380,466	366,392
Ancillary Services (Schedule 6)	135,087	112,255
Interest Expense	-	-
Miscellaneous Expense (Schedule 7)	-	-
	5,758,518	5,212,179
Excess of Revenue over Expenditure before undernoted item	232,127	299,752
Transfer to Capital Fund	186,276	257,106
Excess of Revenue over Expenditure for the Period	45,851	42,646
Teacher severance pay accrual (Note 5)	(57,777)	33,163
Adjusted excess of Revenue over Expenditures	(11,926)	75,809
Board Deficiency, Beginning of Year	(84,305)	(145,114)
Transfer (to) from reserve	1,500	(15,000)
Fund Deficiency, End of the Year	$ (94,731)	$ (84,305)

See Accompanying Notes

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Cash Flows
Year Ended June 30, 2007

		2007	2006
60	**Operating Activities**		
	011 Excess of Revenue over Expenditures (Expenditures over Revenue)	(11,926)	75,809
	012 Changes in Non-Cash Working Capital		
	013 - Short Term Investments	(2,000)	(224,281)
	014 - Accounts Receivable	(24,439)	(27,728)
	015 - Prepaid Expenses	(18,848)	(350)
	014 - Accounts Payable & Accrued Expenses	(27,474)	199,705
	015 - Amortization of capital assets	2,853	2,854
	016 Other non-working capital items	-	
	016 - Summer Pay Liability	26,812	(30,515)
	016 - Severance pay accrual	48,661	(31,617)
	- Other employee benefits	(20,016)	(18,118)
	- Deferred revenue	(9,688)	37,575
		(36,065)	(16,666)
61	**Financing Activities**		
	011 Proceeds form Bank Loans	-	-
	012 Grants - Capital	186,276	292,661
	013 Other Capital Revenue	-	-
	014 Changes in Long-Term Debt	-	-
	015 Other - reserve	-	-
		186,276	292,661
62	**Investing Activities**		
	011 Proceeds in Sale of Capital Assets	-	-
	012 Additions to Capital Assets	(186,276)	(292,661)
	013 Other	-	-
		(186,276)	(292,661)
63	**Increase (decrease) in Cash**	(36,065)	(16,666)
64	**Cash, Beginning of the Year**	13,434	30,100
65	**Cash, End of the Year**	$ (22,631)	$ 13,434

See Accompanying Notes

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Changes in Capital Fund
Year Ended June 30, 2007

		2007	2006
70	**Capital Receipts**		
71	**Proceeds from Bank Loans**		
011 -	School Construction	$ -	$ -
012 -	Equipment	-	-
013 -	Service Vehicles	-	-
014 -	Pupil Transportation	-	-
		-	-
72	**Federal Grants**		
011	School Construction and Equipment	-	-
012	Other	-	-
		-	-
73	**Donations**		
011 -	Cash Receipts	-	-
012 -	Non-Cash Receipts	-	-
013 -	Restricted Use	-	-
		-	-
74	**Sale of Capital Assets - Proceeds**		
011 -	Land & 012 Buildings	-	-
013 -	Equipment	-	-
014 -	Service Vehicles	-	-
015 -	Pupil Transportation Vehicles	-	-
		-	-
75	**Other Capital Revenues**		
011 -	Interest on Capital Fund Investments	-	-
012 -	Premiums on Debentures	-	-
013 -	Recoveries of Expenditures	-	-
015 -	Insurance Proceeds	-	-
016 -	Native Peoples Grants	-	-
017 -	Miscellaneous		
	- Capital Grants - Province of NL	-	35,555
	- Cost sharing for Info Technology Grants	-	-
Total Capital Receipts		-	35,555
77	**Transfer from Reserve Account**	-	-
78	**Transfer from Current Fund**	186,276	257,106
Total		$ 186,276	$ 292,661

See Accompanying Notes

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Statement of Changes in Capital Fund (Cont'd)
Year Ended June 30, 2007

		2007	2006
80	**Capital Disbursements**		
81	**Additions to Capital Assets**		
011	- Land and Sites	$ -	$ -
012	- Buildings	-	-
013	- Furniture & Equipment - Schools	156,620	216,809
014	- Furniture & Equipment - Other	19,664	75,852
015	- Service Vehicles	-	-
016	- Pupil Transportation	-	-
017	- Other - Centre des Grands-Vents	9,992	-
		186,276	292,661
82	**Principal Repayment of Long Term Debt**		
011	- School Construction	-	-
012	- Equipment	-	-
013	- Service Vehicles	-	-
014	- Other	-	-
		-	-
83	**Miscellaneous Disbursements**		
013	- Other	-	-
	Total Capital Disbursements	$ 186,276	$ 292,661

See Accompanying Notes

1. Significant Accounting Policies:

The accompanying financial statement have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the province in regard to capital projects are recorded as capital revenues.

b) Capital asset additions are recorded at full cost in the capital fund and are amortized over their useful lives.

c) Capital assets are amortized using the straight line method based on the following number of years:

School buildings - 40 years
Furniture - 10 years
Equipment - 10 years
Computers - 4 years

d) Funding relating to capital assets is deferred and amortized according to the same method used for the assets to which it relates.

e) The School board has acquired, in certain cases, land for its buildings without cost. In other cases, the board obtained authorization to use the land without ownership, as long as the properties are used for educational purposes. In the case where the land is board property, value determinations were not possible, meaning that the fair market value was not recorded.

f) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates include providing for amortization of capital assets. Actual results could differ from these estimates.

		2007	2006
2.	**Accounts Receivable**		
	Current		
11	131 Provincial Government	$ 286,789	$ 234,524
	132 Transportation	-	4,176
	133 Federal Government	30,309	33,672
	136 Other School Districts	-	-
	137 Rent	32,373	46,503
	138 Interest	2,552	131
	139 Travel Advances and Misc.	2,746	7,765
	Capital		
11	231 Provincial Government Construction Grants	11,423	1,260
	233 Local Contributions		
	234 Other School Districts		
	235 Other		
		366,192	328,031

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Notes to the Financial Statements
Year Ended June 30, 2007

				2007	2006
3.		**Accounts Payable and Accruals**			
		Current			
21	111	Trade Payable		$ 68,828	$ 24,718
	112	Accrued	- Liabilities	56,600	189,131
	113		- Interest	-	-
	114		- Wages	-	-
	115	Payroll Deductions			
	116	Retail Sales Tax			
	117	Deferred Grants		-	-
	118	Other		2,000	-
		Capital			
21	211	Trade Payable			
	212	Accrued	- Liabilities	-	
	213		- Interest		
	217	Deferred Grants			
	218	Other			
				127,428	213,849

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Notes to the Financial Statements
Year Ended June 30, 2007

	2007	2006
4. Investment in capital assets - beginning of year	$ 8,172,135	$ 8,243,012
Add:		
Transfer of Operating Funds to Capital Fund	186,275	257,106
Grants		
- Province - Contribution for Capital Construction	-	-
- Other -		
Capital Projects funded by the province but paid directly to other souces on behalf of the District	-	35,555
Donations		
Proceeds from the sale of Capital Assets		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Miscellaneous		
	186,275	292,661
Deduct Adjustments		
Amortization of Investment in Capital Assets	377,612	363,538
Cost of assets sold		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other	-	-
	377,612	363,538
Other	-	-
23 221 **Investment in capital assets -end of year**	$ 7,980,798	$ 8,172,135

5. Accrued Severance Leave

The amount of $57,777 for teachers' severance costs and the amount of $2,540 for non-teaching staff severance costs are included in expenses. The amount of $164,873 for teachers' severance costs and the amount of $28,128 for non-teaching staff severance costs for a total of $193,001 are included in the liabilities.

The adjustment for teachers' severance pay is required by the Department of Education of the Government of Newfoundland and Labrador and has no impact on the operation of the School Board. No account receivable is included in the accounts to offset this liability.

The accrued severance leave for non-teaching personnel is funded out of the board's regular operating grants.

6. Reserve

In accordance with leases with the tenants of the Centre scolaire et communautaire des Grand-Vents in St. John's, this reserve constitutes funds that management has designated as restricted funds to allow for the future purchase of computer equipment and major renovations of the building.

Schedule 1

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Current Revenues
Year Ended June 30, 2007

	Current Revenues	2007	2006
	Federal Government Grants		
	Regular Operating Grants	$ 1,359,007	$ 1,222,951
32 010	**Provincial Government Grants**		
011	Regular Operating Grants	$ 1,175,853	$ 1,166,437
	Amort. of deferred rev for capital assets	377,612	363,538
016	Special Grants	-	
	- French Immersion	-	-
	- Official Language Monitor	51,076	49,823
	- French Language recuperation	-	-
	- Textbook credit allocation	481	284
	- Communication Tech	-	-
	- Other	182,206	50,336
	Salaries and Benefits	-	
017	- Superintendent and Asst. Supts.	206,384	177,095
021	- Regular Teachers	2,043,610	1,993,651
022	- Substitute Teachers	58,619	47,973
	- Student Assistants	57,679	36,704
030	Pupil Transportation	-	-
031	- Board Owned	-	-
032	- Contracted	320,016	263,496
033	- Handicapped	-	-
		4,473,536	4,149,337
33 010	**Donations**		
012	Cash Receipts	-	-
013	Non Cash Receipts	-	-
014	Restricted Use	-	-
		-	-
34 010	**Ancillary Services**		
011	Revenues from Rental of Residences	-	-
021	Revenues from Rental of Schools and	-	-
	Facilities	105,019	99,060
031	Cafeterias	-	-
032	Other - ARCO	25,000	25,000
		130,019	124,060

Schedule 1 (Cont'd)

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Current Revenues
Year Ended June 30, 2007

		2007	2006
35 01(	**Miscellaneous**		
011	Interest on Investments	$ 9,613	$ 3,881
01:	Bus Charters	-	-
021	Recoveries of Expenditures	-	3,616
031	Revenues from Other School Boards	-	-
051	Insurance Proceeds	-	-
061	Bilingual Education Revenue	-	-
071	Operating Rev. from Native Peoples Grant	-	-
081	Miscellaneous Federal Grants	-	-
091	Textbooks	-	-
09:	Other		
	- Mining Company Grants	9,964	7,767
	- Tutoring for tuition	-	-
	- Sundry	8,506	319
		28,083	15,583
	Total Current Revenues	$ 5,990,645	$ 5,511,931

Schedule 2

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Administration Expenditures
Year Ended June 30, 2007

		2007	2006
51	**Salaries and Benefits**		
011	- Superintendents and Assistant Superintendents	186,263	199,008
012	- Board Office Personnel	85,768	100,724
013	Office Supplies	5,048	4,845
014	Replacement Furniture and Equipment	3,973	1,132
015	Postage	6,934	4,490
016	Telephone	14,498	11,818
017	Office Equipment Rentals and Repairs	6,215	5,648
018	Bank Charges	3,281	2,257
019	Electricity	-	-
021	Fuel	-	-
022	Insurance	518	-
023	Repairs and Maintenance - Office Building	2,662	2,780
024	Travel	24,019	25,349
025	Board Meeting Expenses	48,714	47,977
026	Election Expenses	-	112
027	Professional Fees	17,795	27,541
028	Advertising - Recrutement	4,386	15,283
029	Membership Dues	16,105	15,783
031	Municipal Service Fees	800	711
032	Rental of Office Space	-	-
033	Relocation Expenses	800	5,783
034	Miscellaneous	990	3,776
035	Payroll Tax	-	-
	Training	$ 290	$ 936
	Total Administration Expenditures	$ 429,059	$ 475,953

Schedule 3

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Instruction Expenditures

Year Ended June 30, 2007

#			2007	2006
#	10	**Instructional Salaries (Gross)**		
	11	Teachers' Salaries - Regular	$ 1,722,343	$ 1,652,964
	12	- Substitute	52,381	42,944
	13	- Board Paid	23,056	7,967
	14	Augmentation	-	-
	15	Employee Benefits	295,972	313,048
	16	School Secretaries - Salaries & Benefits	100,918	103,912
	17	Payroll Tax	40,005	37,684
	18	Other - Sal. & Ben. - program coord.	96,090	91,297
		Other - Sal. & Ben. - student asst	49,208	31,687
		Other - Sal. & Ben. - Labrador	3,370	1,297
			2,383,343	2,282,800
#	40	**Instructional Materials**		
	41	General Supplies	22,660	15,301
	42	Library Resource Materials	-	-
	43	Teaching Aids	24,755	19,478
	44	Textbooks	7,896	-
			55,311	34,779
#	60	**Instructional Furniture and Equipment**		
	61	Replacement	4,965	8,388
	62	Rentals and Repairs	10,097	10,112
			15,062	18,500
#	80	**Instructional Staff Travel**		
	81	Program Co-ordinators	1,460	19,400
	82	Teachers' Travel	23,711	21,947
	83	Inservice and Conferences	18,259	6,659
			43,430	48,006
#	90	**Other Instructional Costs**		
	91	French Monitor Program	55,539	54,320
	92	Miscellaneous	-	-
		Special Needs assessments	-	-
		Kinderstart	203	412
			55,742	54,732
		Total Instruction Expenditures	$ 2,552,888	$ 2,438,817

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Operations and Maintenance Expenditures - Schools
Year Ended June 30, 2007

			2007	2006
53	011	Salaries - Janitorial	$ 168,674	$ 166,607
	012	- Maintenance	78,191	36,971
	013	Payroll Tax	-	-
	014	Electricity	134,792	124,587
	015	Fuel	-	-
	016	Municipal Service Fees/Garbage Removal	8,566	9,939
	017	Telephone	25,321	24,585
		Communications - Distance education	1,716	433
	018	Vehicle Operating and Travel	13,604	7,972
	019	Janitorial Supplies	16,764	15,641
	021	Janitorial Equipment	3,838	632
	022	Repairs and Maintenance - Buildings	157,358	40,247
	023	- Equipment	20,284	5,118
	024	Contracted Services - Janitorial	7,261	-
	025	Snow Clearing	56,714	47,317
	026	Rentals	-	-
	027	Other (Miscellaneous)	3,059	2,485
		Total Operations and Maintenance	$ 696,142	$ 482,534

Schedule 5

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Pupil Transportation Expenditure
Year Ended June 30, 2007

			2007	2006
54	010	Operation and Maintenance of Board Owned Fleet	$ -	$ -
	011	Salaries and Benefits- Administration		
	012	- Drivers and	-	-
		Mechanics	-	-
	013	Payroll Tax	-	-
	014	Debt Repayment- Interest	-	-
	015	- Principal	-	-
	016	Bank Charges	-	-
	017	Gas and Oil	-	-
	018	Licenses	-	-
	019	Insurance	-	-
	021	Repairs and Maintenance - Fleet	-	-
	022	- Building	-	-
	023	Tires and Tubes	-	-
	024	Heat and Light	-	-
	025	Municipal Service	-	-
	026	Snow Clearing	-	-
	027	Office Supplies	-	-
	028	Rent	-	-
	029	Travel	-	-
	031	Professional Fees	-	-
	032	Miscellaneous	-	-
	033	Telephone	-	-
	034	Vehicle Leases	-	-
			-	-
54	040	Contracted Services		
	041	Regular Transportation	321,530	265,580
	042	Handicapped	-	-
			321,530	265,580
		Pupil Transportation Expenditures	$ 321,530	$ 265,580

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Ancillary Services and Miscellaneous Expenses
Year Ended June 30, 2007

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

			2007	2006
55		Ancillary Services		
	011	Operation of Teachers' Residences	$ -	$ -
	031	Cafeterias	-	-
	032	Other - Community Centre operations	135,087	112,254
	032	Other - Environmental Centre	-	-
		Total ancillary services	$ 135,087	$ 112,254

Schedule 7

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

	Other	-	-
57 011	Total miscellaneous expenses	$ -	$ -

Schedule 8

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Details of Capital Assets
Year Ended June 30, 2007

	Cost 2006	Additions 2007	Cost 2007	Accumulated Amortization 2007	Net book value 2007	Net book value 2006
12 210 **Land and Sites**						
211 Land and Sites	$ -	$ -	$ -	$ -	$ -	$ -
12 220 **Buildings**						
221 Schools	11,051,437	-	11,051,437	3,548,440	7,502,997	7,764,643
222 Administration	-		-		-	-
223 Residential	-		-	-	-	-
224 Recreational	-		-	-	-	-
225 Other	-		-	-	-	-
	11,051,437	-	11,051,437	3,548,440	7,502,997	7,764,643
12 230 **Furniture and Equip.**						
231 Schools	590,841	156,620	747,461	354,453	393,008	321,014
232 Administration	258,455	19,664	278,119	206,858	71,261	81,729
233 Residential	-		-	-	-	-
234 Recreation	-		-	-	-	-
235 Other - CGV	30,638	9,992	40,630	7,126	33,504	27,574
	879,934	186,276	1,066,210	568,437	497,773	430,317
12 240 **Vehicles**						
241 Service Vehicles	-			-	-	-
12 250 **Pupil Transportation**						
251 Land	-			-	-	-
252 Building	-			-	-	-
253 Vehicles - Buses	-			-	-	-
254 - Service	-			-	-	-
255 Equipment	-			-	-	-
256 Other	-			-	-	-
	-			-	-	-
12 260 **Misc. Capital Assets**						
261 Other	-			-	-	-
Total Capital Assets	$ 11,931,371	$ 186,276	$ 12,117,647	$ 4,116,877	$ 8,000,770	$ 8,194,960

Schedule 9

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Details of Long Term Debt
Year Ended June 30, 2007

		2007	2006
22 210	Loans Other than Pupil Transportation	$	$
	Ref. #		
211	**Bank Loans**		
	___ Repayable $________monthly, maturing _____	-	-
	___ Repayable $________monthly, maturing _____	-	-
	___ Repayable $________monthly, maturing _____	-	-
	___ Repayable $________monthly, maturing _____	-	-
	___ Repayable $________monthly, maturing _____	-	-
	___ Repayable $________monthly, maturing _____	-	-
	Total 211	-	-
212	**Mortgages**		
	___ Repayable $________annually, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	Total 212	-	-
213	**Debentures**		
	___ Repayable $________annually, maturing ______	-	-
	___ Repayable $________monthly, maturing ______	-	-
	Total 213	-	-
	Subtotal	-	-
215	Less Current Maturities	-	-
	Total Loans Other Than Pupil Transportation	-	-

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Details of Long Term Debt
Year Ended June 30, 2007

	2007	2006
22 ## Loans - Pupil Transportation		
Ref. #		
## **Vehicle Bank Loans**		
____ Repayable $______monthly, maturing _____	$ -	$
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
Total 221	-	-
## **Land, Buildings and Equipment Bank Loans**		
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
____ Repayable $______monthly, maturing _____	-	-
Total 222	-	-
Subtotal	-	-
## Less Current Maturities	-	-
Total Loans - Pupil Transportation	-	-
Total Long Term Debt	$ -	$ -

Schedule 9A

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Summary of Long Term Debt
Year Ended June 30, 2007

Description	Ref#	Rate	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction			$ -	$ -	$ -	$ -
B) Equipment			-	-	-	-
C) Service Vehicles			-	-	-	-
D) Other						
Integrated Education Council 8% - 9 3/4%			-	-	-	-
E) Pupil Transportation			-	-	-	-
Total Loans			$ -	$ -	$ -	$ -

Schedule 9B

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Schedule of Current Maturities
Year Ended June 30, 2007

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	$ -	$ -	$ -	$ -	$ -
B) Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	-	-	-	-	-
Total	$ -	$ -	$ -	$ -	$ -

Schedule 9C

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Schedule of Interest Expense
Year Ended June 30, 2007

56 010

Code	Description	2007	2006
012	**Capital**		
	School Construction	$ -	$ -
	IEC	-	-
	Equipment	-	-
	Service Vehicles	-	-
	Other		
	Energy Management	-	-
	Total Capital	-	-
013	**Current** - Operating Loans	-	-
014	- Supplier Interest	-	-
	- Charges	-	-
	Total Current	-	-
	Total Interest Expense	$ -	$ -

Schedule 10

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Pupil Services - federal funding

Year Ended June 30, 2007

	2007	2006
Pedagogical renewal plan	361,301	253,899
Educational Resource Centre	145,856	135,463
Language recovery	137,995	144,268
Teacher recruitment and retention	97,702	34,500
Distance education	79,187	99,952
Strategic planning	38,903	-
Artists in residence / Art & cultural programming	32,408	23,323
Principal & teacher training	29,719	17,000
School sport and music programs	28,709	-
Support for school improvement projects	19,268	-
Tutoring	16,789	-
Public speaking program	13,964	-
Promotion / Student recruitment	12,330	73,115
French professional services	11,413	27,539
Anti-bullying project	8,203	-
Board training	6,943	-
Federal project administration	5,762	-
Adult language recovery	5,000	7,500
Célébration annuelle - Franchoralie	-	76,264
IT initiatives	-	11,945
Post-secondary initiatives	-	11,100
Total - Pupil services - federal funding	$ 1,051,452	$ 915,868

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Community programs - federal funding

Year Ended June 30, 2007

	2007	2006
Family resource centers	110,194	88,898
After school programs	27,600	15,470
Family literacy - Port-au-Port peninsula	35,100	28,013
Saturday school program	19,000	22,399
Total programmes communautaires	$ 191,894	$ 154,780

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Supplementary Information
Year Ended June 30, 2007

			2007	2006
1.		**Cash**		
		Current		
11	110	Cash on Hand and in Bank	$ -	$ -
	111	Cash on Hand	-	-
	112	Bank - Current	(22,631)	13,434
	113	- Savings	-	-
	114	- Teachers' Payroll	-	-
	115	- Non Teachers' Payroll	-	-
	116	- Coupon (Debenture)	-	-
	117	- Other (Petty Cash)	-	-
			(22,631)	13,434
		Capital		
11	210	Cash on Hand and in Bank	-	-
	211	Cash on Hand	-	-
	212	Bank - Current	-	-
	213	- Savings	-	-
	214	- Other	-	-
			-	-
		Total Cash on Hand and in Bank	(22,631)	13,434

			2007	2006
2.		**Short Term Investments**		
		Current		
11	121	Term Deposits	352,000	350,000
	122	Canada Savings Bonds	-	-
	123	Other		
		- Canada Treasury Bills	-	-
		- Mutual Funds	-	-
		- Balance in Broker account	-	-
		- Guaranteed Investment Certificate	-	-
		Capital		
11	221	Term Deposits	-	-
	222	Canada Savings Bonds	-	-
	223	Other	-	-
		Total Short Term Investments	$ 352,000	$ 350,000

Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador

Supplementary Information
Year Ended June 30, 2007

3. Prepaid Expenses

			2007	2006
		Current		
11	141	Insurance		
	142	Municipal Service Fees	$ -	$ -
	143	Supplies	-	-
	144	Other		
		- Workers' Compensation Commission	8,995	4,925
		- Salaries	-	568
		- Teachers in-service - advance	15,541	-
		- Airplane Tickets	-	-
		- Board meetings - advance	-	-
		- Moving expenses - advance	-	-
		- Travel advances	2,561	2,756
			-	-
		Capital	-	-
11	241	Other		
		Total prepaid expenses	$ 27,097	$ 8,249

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

FINANCIAL STATEMENTS

31 MARCH 2007

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Minister of Government Services
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2007 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
26 June 2007

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
BALANCE SHEET

31 March	2007	2006
ASSETS		
Current		
Cash	$ 945	$ 732
Accounts receivable	-	3,425
	$ 945	$ 4,157
LIABILITIES AND DEFICIT		
Current		
Bank indebtedness (Note 2)	$ 121,688	$ 158,580
Accounts payable and accrued liabilities	3,469	2,050
	125,157	160,630
Liability for claims arising from prepaid funeral services contracts (Note 3)	193,757	206,804
	318,914	367,434
Deficit	(317,969)	(363,277)
	$ 945	$ 4,157

See accompanying notes

Signed on behalf of the Fund:

Minister of Government Services

Deputy Minister of Government Services

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March

	2007	2006
REVENUES		
Assessments (Note 5)	**$ 61,759**	$ 37,933
EXPENSES		
Interest and bank charges	**7,971**	7,405
Professional services	**8,480**	2,720
	16,451	10,125
Excess of revenues over expenses	**45,308**	27,808
Deficit, beginning of year	**(363,277)**	(391,085)
Deficit, end of year	**$ (317,969)**	$ (363,277)

See accompanying notes

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2007	2006
Cash flows from operating activities		
Excess of revenues over expenses	$ 45,308	$ 27,808
Change in non-cash working capital	4,844	(3,224)
	50,152	24,584
Cash flows from financing activities		
Payment of claims arising from prepaid funeral services contracts (Note 3)	(13,047)	(22,520)
Net increase in cash and cash equivalents	37,105	2,064
Cash and cash equivalents, beginning of year	(157,848)	(159,912)
Cash and cash equivalents, end of year	$ (120,743)	$ (157,848)
Cash and cash equivalents include:		
Cash	$ 945	$ 732
Bank indebtedness	(121,688)	(158,580)
	$ (120,743)	$ (157,848)

See accompanying notes

Authority

The Consumer Protection Fund for Prepaid Funeral Services (the Fund) was established under the *Prepaid Funeral Services Act* for the purpose of paying in whole or in part, claims arising out of a prepaid funeral contract against a person who holds or held a licence under the *Act*.

1. Significant accounting policies

These financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. Significant accounting policies adopted by management are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, balances with banks, net of any overdrafts, and a revolving demand credit facility.

(b) Revenue recognition

Assessment revenue is recognized as cash is received as this is the point that measurability is determined.

2. Bank indebtedness

The Fund has a $200,000 revolving demand credit facility guaranteed by the Government of Newfoundland and Labrador. Interest is charged at the bank's prime rate. As at 31 March 2007, $121,688 (2006 - $158,580) had been drawn down on this line of credit.

3. Liability for claims arising from prepaid funeral services contracts

The liability for claims arising from prepaid funeral services contracts resulted from the failure of a funeral home in Port aux Basques in November 2000 where 88 customers had purchased prepaid funerals totalling $492,790. An additional claim has also been recognized for a customer who was not included in the original liability. During the year 2 claims (2006 - 4) relating to these prepaid funeral services contracts were paid by the Fund. As at 31 March 2007, 31 individuals had outstanding contracts. Details of the change in the liability are as follows:

	2007	2006
Liability, beginning of year	**$ 206,804**	$ 229,324
Payment of claims during the year	**(13,047)**	(22,520)
Liability, end of year	**$ 193,757**	$ 206,804

3. Liability for claims arising from prepaid funeral services contracts (cont.)

The liability includes the Harmonized Sales Tax (HST) portion of contracts which have been paid by the Fund totalling $21,461 as at 31 March 2007 (2006 - $20,809). It has been determined that the Fund should not withhold paying the HST included on these contracts. This amount has been paid subsequent to year end.

4. Restitution Order

A Restitution Order in the amount of $500,029 is in place against the owner of the failed funeral home in Port aux Basques. This Restitution Order has been registered in the province where the owner now resides. The Assurance Fund has also initiated garnishee proceedings in that province. The Fund has not collected anything under the garnishment order and is unable to determine at this time what amount, if any, will be collected.

5. Assessments

A seller of prepaid funeral services is required to pay to the Fund between 1% and 5% of the cost of each prepaid funeral contract depending on the amount held in trust. During the year, $61,759 (2006 - $37,933) was paid to the Fund.

6. Financial instruments

The Fund's financial instruments recognized on the balance sheet consist of cash, accounts receivable, bank indebtedness, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

7. Related party transactions

The Fund is administered by employees of the Department of Government Services. The costs of administration are paid directly by the Department and are not reflected in these financial statements. The costs of administration are offset by licence fees collected by the Department.

8. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Minister of Government Services
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2008 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
16 May 2008

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

BALANCE SHEET

31 March	2008	2007
ASSETS		
Current		
Cash	$ -	$ 945
	$ -	$ 945
LIABILITIES AND DEFICIT		
Current		
Bank indebtedness (Note 2)	$ 124,885	$ 121,688
Accounts payable and accrued liabilities	2,320	3,469
	127,205	125,157
Liability for claims arising from prepaid funeral services contracts (Note 3)	148,072	193,757
	275,277	318,914
Deficit	(275,277)	(317,969)
	$ -	$ 945

See accompanying notes

Signed on behalf of the Fund:

Kevin O' Brien
Minister of Government Services

SMacDonald
Deputy Minister of Government Services

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March

	2008	2007
REVENUES		
Assessments (Note 5)	$ 56,205	$ 61,759
EXPENSES		
Interest and bank charges	8,344	7,971
Professional services	5,169	8,480
	13,513	16,451
Excess of revenues over expenses	42,692	45,308
Deficit, beginning of year	(317,969)	(363,277)
Deficit, end of year	$ (275,277)	$ (317,969)

See accompanying notes

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2008	2007
Cash flows from operating activities		
Excess of revenues over expenses	$ 42,692	$ 45,308
Change in non-cash working capital	(1,149)	4,844
	41,543	50,152
Cash flows from financing activities		
Payment of claims and HST arising from prepaid funeral services contracts (Note 3)	(45,685)	(13,047)
Net increase (decrease) in cash and cash equivalents	(4,142)	37,105
Cash and cash equivalents, beginning of year	(120,743)	(157,848)
Cash and cash equivalents, end of year	$ (124,885)	$ (120,743)
Cash and cash equivalents include:		
Cash	$ -	$ 945
Bank indebtedness	(124,885)	(121,688)
	$ (124,885)	$ (120,743)

See accompanying notes

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
NOTES TO FINANCIAL STATEMENTS
31 March 2008

Authority

The Consumer Protection Fund for Prepaid Funeral Services (the Fund) was established under the *Prepaid Funeral Services Act* for the purpose of paying in whole or in part, claims arising out of a prepaid funeral contract against a person who holds or held a licence under the *Act*.

1. Significant accounting policies

These financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. Significant accounting policies adopted by management are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, balances with banks, net of any overdrafts, and a revolving demand credit facility.

(b) Revenue recognition

Assessment revenue is recognized as cash is received as this is the point that measurability is determined.

2. Bank indebtedness

The Fund has a $200,000 revolving demand credit facility guaranteed by the Government of Newfoundland and Labrador. Interest is charged at the bank's prime rate. As at 31 March 2008, $124,885 (2007 - $121,688) had been drawn down on this line of credit.

3. Liability for claims arising from prepaid funeral services contracts

The liability for claims arising from prepaid funeral services contracts resulted from the failure of a funeral home in Port aux Basques in November 2000 where 88 customers had purchased prepaid funerals totalling $492,790. An additional claim has also been recognized for a customer who was not included in the original liability. During the year 5 claims (2007 - 2) relating to these prepaid funeral services contracts were paid by the Fund. On 28 June 2007, it was determined that the Fund should not withhold the HST included on these contracts. The amount of $21,461 was paid out during the year relating to HST on all claim payments made to date by the Fund. Details of the change in the liability are as follows:

	2008	2007
Liability, beginning of year	**$ 193,757**	$ 206,804
HST payment	**(21,461)**	-
Payment of claims during the year	**(24,224)**	(13,047)
Liability, end of year	**$ 148,072**	$ 193,757

4. Restitution Order

A Restitution Order in the amount of $500,029 is in place against the former owner of the failed funeral home in Port aux Basques. This Restitution Order has been registered in the Province where the owner now resides. The Fund has also initiated garnishee proceedings in that Province. The Fund has not collected anything under the garnishment order and is unable to determine at this time what amount, if any, will be collected.

5. Assessments

A seller of prepaid funeral services is required to pay to the Fund an amount that is 1% of the cost of each prepaid funeral contract. During the year, $56,205 (2007 - $61,759) was paid to the Fund.

6. Financial instruments

The Fund's financial instruments recognized on the balance sheet consist of cash, bank indebtedness, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

7. Related party transactions

The Fund is administered by employees of the Department of Government Services. The costs of administration are paid directly by the Department and are not reflected in these financial statements. The costs of administration are offset by licence fees collected by the Department.

8. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Financial Statements

Year Ended December 31, 2007

BRIAN T. SCAMMELL C.A. CBV
ASSURANCE VALUATION & ADVISORY

P.O. Box 29024
St. John's, NL A1A 5B5
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AUDITOR'S REPORT

To the Directors of Credit Union Deposit Guarantee Corporation

I have audited the balance sheet of Credit Union Deposit Guarantee Corporation as at December 31, 2007 and the statements of income and fund balance and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements for the previous years were reported on by another firm of chartered accountants who issued an unqualified opinion.

Brian Scammell
CHARTERED ACCOUNTANT

St. John's, NL
March 31, 2008

CREDIT UNION DEPOSIT GUARANTEE CORPORATION
Balance Sheet
December 31, 2007

	2007	2006
ASSETS		
Cash *(Note 6)*	$ -	$ 1,021,974
Investments (Note 4)	5,870,372	4,693,174
Accounts receivable	11,725	16,615
Interest receivable	25,022	15,256
Harmonized sales tax recoverable	25,207	46,986
Prepaid expenses	3,496	4,197
	5,935,822	5,798,202
CAPITAL ASSETS *(Note 5)*	29,246	40,086
	$ 5,965,068	$ 5,838,288
LIABILITIES		
Bank indebtedness	$ 8,561	$ -
Accounts payable and accrued liabilities	489,131	539,633
	497,692	539,633
FUND BALANCE		
Deposit guarantee fund balance	5,467,376	5,298,655
	$ 5,965,068	$ 5,838,288

APPROVED ON BEHALF OF THE BOARD

William Longthorne *Director*

Director

Credit Union Deposit Guarantee Corporation
Statement of Income and Fund Balance
Year Ended December 31, 2007

	2007	2006
REVENUE		
Assessments	$ 866,558	$ 807,972
Bonding insurance	285,054	276,083
Interest	254,251	227,319
Other	56,447	10,360
	1,462,310	1,321,734
EXPENSES		
Salaries and wages	394,992	377,227
Bonding insurance	234,385	211,369
Travel	40,240	45,043
Training	36,558	23,506
Professional fees	34,689	42,831
Meetings and conventions	31,023	36,284
Rental	29,517	30,895
Office	20,009	17,872
Vehicle	6,611	7,429
Telephone	10,273	9,682
Advertising and promotion	9,747	14,262
Directors fees	5,385	6,895
Amortization	11,868	8,892
Membership fees	1,230	690
Loss on sale of capital assets	-	1,397
	866,527	834,274
NET INCOME	595,783	487,460
DEPOSIT GUARANTEE FUND BALANCE - BEGINNING OF YEAR	5,298,655	5,293,889
	5,894,438	5,781,349
Assistance to credit unions	(432,539)	(482,694)
DEPOSIT GUARANTEE FUND BALANCE - END OF YEAR	$ 5,461,899	$ 5,298,655

Credit Union Deposit Guarantee Corporation
Statement of Cash Flow
Year Ended December 31, 2007

	2007	2006
OPERATING ACTIVITIES		
Net income	$ 595,783	$ 487,460
Items not affecting cash:		
Amortization of property, plant and equipment	11,868	8,892
Loss on disposal of capital assets	-	1,397
	607,651	497,749
Changes in non-cash working capital:		
Accounts receivable	10,367	2,551
Interest receivable	(9,766)	7,133
Prepaid expenses	701	1,541
HST payable (receivable)	21,779	(25,077)
Accounts payable and accrued liabilities	(50,501)	287,450
	(27,420)	273,598
Cash flow from operating activities	580,231	771,347
INVESTING ACTIVITIES		
Purchase of equipment	(1,028)	(31,136)
Proceeds on disposal of equipment	-	4,510
Purchase of investments	(24,618,060)	(30,504,730)
Redemption of investments	23,440,861	31,110,636
Cash flow from (used by) investing activities	(1,178,227)	579,280
FINANCING ACTIVITY		
Assistance to other credit unions	(432,539)	(482,694)
Cash flow used by financing activity	(432,539)	(482,694)
INCREASE (DECREASE) IN CASH FLOW	(1,030,535)	867,933
Cash - beginning of year	1,021,974	154,041
CASH (DEFICIENCY) - END OF YEAR *(Note 6)*	$ (8,561)	$ 1,021,974
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

1. DESCRIPTION OF BUSINESS

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 176 of the Credit Union Act.

The Corporation guarantees the deposits of members of credit unions in the Province of Newfoundland and Labrador. This guarantee is supported by investments held by the Corporation.

2. CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2007, the Corporation adopted the following new accounting standards that were issued by the Canadian Institute of Chartered Accountants (the "CICA"): Handbook Section 1530, Comprehensive Income, Section 3855, Financial Instruments – Recognition and Measurement, Section 3251, Equity and Section 3861, Financial Instruments – Disclosure and Presentation.

Impact upon adoption of these standards

These standards were applied retroactively as of January 1, 2007 without restatement of prior year's figures. There were no transition adjustments attributable to the remeasurement of financial assets and financial liabilities at fair value which would have been recognized in opening fund balance or opening accumulated other comprehensive income ("OCI") as of January 1, 2007 as the adjustments were not considered significant to these financial statements. Financial asset and financial liability classifications made by the Corporation as of January 1, 2007 have been disclosed in Note 3.

Comprehensive income

Section 1530 introduces comprehensive income, which consists of net income and other comprehensive income. OCI represents changes in equity during a period and includes unrealized gains and losses on financial assets classified as available for sale.

Financial instruments – recognition and measurement

Section 3855 establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. It requires that financial assets and liabilities, including derivatives, be recognized on the balance sheet when the Corporation becomes a party to the contractual provisions of the financial instrument or non-financial derivative contract. Under this standard, all financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held for trading, available for sale, held to maturity, loans and receivables, or other financial liabilities. Transaction costs are capitalized on initial recognition, except financial instruments designated as held for trading where transaction costs are expensed.

Financial assets and financial liabilities held for trading are measured at fair value with changes in those fair values recognized in other income. Financial assets held to maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method of amortization. Available for sale financial assets are presented as investments and measured at fair value with unrealized gains and losses, being recognized in OCI. Investments in equity instruments classified as available for sale that do not have a quoted market price in an active market are measured at cost. Derivative instruments are recorded at fair value, including those derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts. Changes in the fair values of derivative instruments are recognized in other income with the exception of derivatives designated in effective cash flow hedges.

(continues)

2. CHANGES IN ACCOUNTING POLICIES *(continued)*

Financial instruments - disclosure and presentation

Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the relevant information to be disclosed.

Equity

Section 3251 establishes standards for the presentation of equity and changes in equity during the reporting period.

3. OTHER SIGNIFICANT ACCOUNTING POLICIES

Financial instruments

Financial assets and liabilities are initially recorded at fair value and their subsequent measurement is dependent on their classification as described below. The classification depends upon the purpose for which the financial assets were acquired or issued, their characteristics and the Corporations' designation of these financial instruments. Settlement date accounting is used.

Classification

Held for Trading

Held for trading financial assets are typically acquired .for resale prior to maturity or designated as held for trading.They are measured at fair value on the balance sheet.Fair value fluctutations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in investment income.

Financial liabilities designated as held for trading are those non-derivative financial liabilities that the Corporation elects to designate on initial recognition as instruments that it will measure at fair value through other interest expense.These are accounted for in the same manner as held for trading assets.The Corporation has not designated any non-derivative financial liabilities as held for trading.

Held to Maturity

Held to maturity assets are non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables, that an entiity has the positive intention and ability to hold to maturity.These assets are measured at amortized cost using the effective interest method. As of December 31, 2007, the Corporation has not classified any of its financial assets as held to maturity.

Available for Sale

Available for sale financial assets are those non-deriviative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held for trading, or held to maturity. Except as mentioned below, available for sale financial assets are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income until realized when the cumulative gain or loss is transferred to other income.
Available for sale financial assets that do not have quoted market prices in an active market are recorded at cost.
Interest on interest bearing available for sale financial assets is calculated using the effective interest method.

(continues)

3. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Loans and receivables

Loans and receivables are recorded at amortized cost using the effective interest method.

Other Liabilities

Other liabilities are recorded at amortized cost using the effective interest method and include all financial liabilities other than derivative instruments.

The Corporation has classified its current financial instruments as follows:

Cash	Held for trading
Investments	Loans and receivables
Receivables	Loans and receivables
Bank indebtedness	Other liabilities
Accounts payable and accrued liabilities	Other liabilities

Cash

Cash consists of balances with banks.

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Motor vehicles	30%	declining balance method
Computer equipment	30%	declining balance method
Furniture and fixtures	20%	declining balance method

The Corporation regularly reviews its capital assets to eliminate obsolete items.

Severance pay

Severance pay, which is included with accounts payable and accrued liabilities, is accrued for all employees for whom the right to such compensation is vested.

Revenue recognition

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland & Labrador. Interest revenue is recognized based on the investment interest collected and accrued during the year, and bonding revenue is recognized based on a percentage of individual credit unions' assets plus a $60,000 fee that is allocated to the Newfoundland and Labrador credit unions based on a pre-determined formula.

(continues)

3. OTHER SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Assistance to credit unions

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors has assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent on future events. The amount of actual assistance paid and possible future assistance is disclosed in the financial statements.

Pension costs

Employees of the Corporation other than the Executive Director are included in the Public Service Pension Plan of the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pension are recognized in the accounts on a current basis. Contributions to this plan totalled $18,942 (2006- $18,062).

The Corporation also contributed to a private registered retirement savings plan for the Executive Director based on a percentage of his annual salary. Contributions to this plan totalled $11,226 (2006- $10,898.)

Future income taxes

The liability method of tax allocation is used in accounting for income taxes. Under this method, future tax assets and liabilities are determined based on differences between the financial reporting and tax basis of assets and liabilities, and measured using the substantially enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets ans liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

4. INVESTMENTS

	2007	2006
Credit Union Central of Nova Scotia	**$ 1,000**	$ 1,000
Newfoundland & Labrador Credit Union	**100**	100
Concentra Financial, cash account, 4.1%	**1,004,272**	
Concentra Financial, 4.85%	**1,065,000**	
Concentra Financial, 5.00%	**3,800,000**	
Bank of Montreal, 4.28%	-	1,042,787
Bank of Montreal, 4.27%	-	3,649,287
	$ 5,870,372	$ 4,693,174

5. CAPITAL ASSETS

	Cost	Accumulated amortization	**2007 Net book value**	2006 Net book value
Motor vehicles	$ 28,733	$ 10,883	**$ 17,850**	$ 25,500
Computer equipment	67,547	58,644	**8,903**	11,470
Furniture and fixtures	24,643	22,150	**2,493**	3,116
	$ 120,923	$ 91,677	**$ 29,246**	$ 40,086

6. CASH

	2007	2006
Cash	**$ -**	$ 1,021,974
Bank indebtedness	**(8,561)**	-
	$ (8,561)	$ 1,021,974

7. CONTINGENT LIABILITY

The Corporation has provided a deficiency guarantee to Eagle River Credit Union Limited in respect to certain loans outstanding in its accounts which arose from the acquisition of the net assets of Labrador Savings Credit Union Limited. There are 10 remaining loans guaranteed by the Corporation to Eagle River Credit Union Limited as a result of the amalgamation with Labrador Savings Credit Union Limited. At December 31, 2007, the balance of the guarantee is $702,670 (2006 - $926,758). Net payouts paid or payable by the Corporation under the guarantee for the year ended December 31, 2007 totalled $152,539 (2006-$202,694).

8. COMMITMENTS

The Corporation has entered into a lease agreement for office space which expires June 30, 2011. The amount of the annual rent payable is $30,895.

9. INCOME TAXES

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income.

Year of Expiry	Amount
2008	$ 73,257
2009	319,521
2010	463,065
2014	438,667
2015	362,558
2026	350,333
2027	250,430
	$ 2,257,831

The undepreciated capital cost for income tax purposes of the Corporation's depreciable assets exceeds the net book value by $92,077.

The potential income tax benefits associated with these items have not been recognized in the financial statements.

DIRECTOR OF SUPPORT ENFORCEMENT

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Director of Support Enforcement
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Director of Support Enforcement as at 31 March 2008 and the statement of receipts and disbursements for the year then ended. These financial statements have been prepared to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at 31 March 2008 and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Director of Support Enforcement and the Government of Newfoundland and Labrador to meet their information needs under Section 9 of the *Support Orders Enforcement Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
26 June 2008

DIRECTOR OF SUPPORT ENFORCEMENT
BALANCE SHEET

31 March	2008	2007
ASSETS		
Cash	**$ 635,254**	$ 567,912
Accounts receivable (Note 2)	**19,920,996**	20,756,177
Other receivables (Note 3)	**3,915**	4,232
	$ 20,560,165	$ 21,328,321
LIABILITIES		
Accounts payable (Note 4)	**$ 20,539,021**	$ 21,306,421
Other payables (Note 5)	**21,144**	21,900
	$ 20,560,165	$ 21,328,321

See accompanying notes

Signed: ______________________

Director

DIRECTOR OF SUPPORT ENFORCEMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS

For the Year Ended 31 March	2008	2007
RECEIPTS		
Regular support	$ 26,650,301	$ 24,780,077
Out-of-system support	575,498	649,710
	27,225,799	25,429,787
DISBURSEMENTS		
Regular support	26,213,951	24,312,872
Out-of-system support	575,498	649,710
Other payments	369,008	335,302
	27,158,457	25,297,884
Excess of receipts over disbursements	67,342	131,903
Cash, beginning of year	567,912	436,009
Cash, end of year	$ 635,254	$ 567,912

See accompanying notes

Authority

The Director of Support Enforcement operates under the authority of the *Support Orders Enforcement Act.* Under this *Act,* the Director is responsible for enforcing court ordered support payments and for acting on behalf of the Attorney General in matters arising pursuant to the *Reciprocal Enforcement of Support Orders Act.*

1. Basis of accounting

These financial statements have been prepared by the Director in accordance with the significant accounting policies set out below to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act.* The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Director are reflected in these statements.

Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Director of Support Enforcement, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items.

(b) Assets and liabilities

Assets are comprised of amounts received or receivable from debtors while liabilities represent the corresponding amount due to creditors.

(c) Receipts and disbursements

Receipts are recorded when amounts are received from debtors and disbursements are recorded when amounts are paid to creditors. Amounts paid directly to creditors by debtors are recorded as out-of-system support while amounts received by the Director of Support Enforcement are recorded as regular support. Amounts refunded to debtors or remitted to the Province are recorded as other payments.

2. Accounts receivable

Accounts receivable is comprised of amounts owing from debtors on registered support orders. The receivables are classified as follows:

	2008	2007
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	**$ 9,038,582**	$ 8,327,430
Debtor in receipt of social assistance	**2,020,578**	3,610,661
Stay of enforcement in place	**1,780,823**	2,270,697
	12,839,983	14,208,788
Enforceable support orders	**7,081,013**	6,547,389
	$ 19,920,996	$ 20,756,177

3. Other receivables

Other receivables $3,915 (2007 - $4,232) represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

4. Accounts payable

Accounts payable is comprised of amounts owing to creditors in accordance with registered support orders. The payables are classified as follows:

	2008	2007
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	**$ 9,038,582**	$ 8,327,430
Debtor in receipt of social assistance	**2,020,578**	3,610,661
Stay of enforcement in place	**1,780,823**	2,270,697
	12,839,983	14,208,788
Enforceable support orders	**7,699,038**	7,097,633
	$ 20,539,021	$ 21,306,421

5. Other payables

Other payables of $21,144 (2007 - $21,900) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

6. Related party transactions

The Director of Support Enforcement operates as a division of the Department of Justice. Expenses related to salaries, accommodations and administration are paid directly to the Department and no provision is made in these financial statements to reflect these expenditures.

During the year the Director paid approximately $2.4 million (2007 - $2.5 million) to the Department of Human Resources, Labour and Employment related to support payments collected on behalf of individuals receiving social assistance.

7. Financial instruments

The Director's financial instruments recognized on the balance sheet consist of cash, accounts receivable, other receivables, accounts payable and other payables. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

8. Income taxes

The Director of Support Enforcement operates as a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

GrantThorton

Financial Statements

Discovery Health Care Foundation Inc.

March 31, 2008

Grant Thornton

Auditors' report

Grant Thornton LLP
187 Kenmount Road
St. John's, NL
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To the Board of Directors of the
Discovery Health Care Foundation Inc.

We have audited the statement of financial position of the Discovery Health Care Foundation Inc. as at March 31, 2008 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives its revenues from donations and other fundraising activities, the completeness of which is not susceptible to conclusive audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of expenditures over revenue, assets and net assets.

In our opinion, except for the effect of adjustments, if any, we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for the year ended March 31, 2007 were audited by another firm of chartered accountants.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 5, 2008

Chartered Accountants

Discovery Health Care Foundation Inc.
Statements of Operations and Changes in Net Assets

Year Ended March 31	2008	2007
Revenue		
Donations	$ 297,149	$ 292,195
50/50 lotto	3,882	3,463
Interest	6,496	1,634
	307,527	297,292
Expenditures		
Donations (Note 5)	400,537	44,175
Fundraising programs	14,209	18,669
Travel, conferences and meetings	5,564	3,986
Salaries and benefits	91,756	88,586
Administration	2,997	364
Depreciation	135	705
Miscellaneous	1,085	2,506
	516,283	158,991
Excess of (expenditures over revenue) revenue over expenditures, before severance pay accrual	(208,756)	138,301
Increase in severance pay accrual	6,822	9,761
Excess of (expenditures over revenue) revenue over expenditures	$ (215,578)	$ 128,540

Net assets, beginning of year	$ 255,007	$ 126,467
Excess of (expenditures over revenue) revenue over expenditures	(215,578)	128,540
Net assets, end of year	$ 39,429	$ 255,007

Discovery Health Care Foundation Inc.

Statement of Financial Position

March 31

	2008	2007
Assets		
Current assets		
Cash and cash equivalents (Note 3)	$ 267,631	$ 298,780
Receivables	-	956
	267,631	299,736
Capital assets (Note 4)	-	135
	$ 267,631	$ 299,871
Liabilities		
Current liabilities		
Payables and accruals	$ 9,338	$ 35,103
Due to Eastern Regional Integrated Health Authority	202,281	-
	211,619	35,103
Accrued severance pay	16,583	9,761
	228,202	44,864
Net assets		
Net assets	39,429	255,007
	$ 267,631	$ 299,871

Maurice Lewis Director

Director

Discovery Health Care Foundation Inc.

Statement of Cash Flows

Year ended March 31	2008	2007
(Decrease) increase in cash and cash equivalents		
Operating		
Excess of (expenditures over revenue) revenue over expenditures	$ (215,578)	$ 128,540
Depreciation	135	705
Accrued severance pay	6,822	9,761
	(208,621)	139,006
Change in non-cash operating working capital		
Receivables	956	(37)
Due to Eastern Regional Integrated Health Authority	202,281	-
Payables and accruals	(25,765)	7,159
Net (decrease) increase in cash and cash equivalents	(31,149)	146,128
Cash and cash equivalents		
Beginning of year	298,780	152,652
End of year (Note 3)	$ 267,631	$ 298,780

1. Nature of operations

The Foundation is a registered charitable organization created to raise funds for the Eastern Regional Integrated Health Authority and is incorporated under the Corporations Act of Newfoundland and Labrador.

2. Significant accounting policies

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balance with banks, and temporary investments consisting of guaranteed investment certificates. Temporary investments are classified as held for trading financial instruments and are recorded at fair market value.

Revenue recognition

Revenue from donations is recognized in the accounts of the Foundation in the year in which it is received.

Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over five years.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Pension costs

Employees of the Foundation are included in the Public Services Pension Plan and the Government Money Purchase Plan (the 'Plans") administered by the Government of Newfoundland and Labrador. Contributions to the Plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized as an expense in the accounts on a current basis.

2. Significant accounting policies (cont'd.)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Accounting standards and policies adopted during the year

(i) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants ('CICA") issued section 1506 of the CICA Handbook, "Accounting Changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007 and are applicable for the Foundation's year ended March 31, 2008.

(ii) Financial instruments

On April 1, 2007, the Foundation implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement", and 3861, "Financial Instruments - Disclosure and Presentation".

CICA Section 3855, "Financial Instruments - Recognition and Measurement", requires the Foundation to revalue all of its financial assets and liabilities, at fair value on the initial date of implementation and at each subsequent financial reporting date.

This standard also requires the Foundation to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the year that the asset is no longer recognized or impaired; c) available for sale - measured at fair value with changes in fair value recognized in net assets for the current year until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the year that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the year that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

2. **Significant accounting policies** (cont'd.)

In accordance with the new standard, the Foundation's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost

Other balance sheet accounts, such as capital assets, are not within the scope of the new accounting standards as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Foundation would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument, various market value data was used as appropriate. The fair values of cash approximated its carrying value.

Section 3861, "Financial Instruments - Disclosure and Presentation", which replaces 3860, of the same title, establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Based on managerial review and valuation of the Foundation's financial instruments, no significant differences between carrying value and fair value were identified. Therefore, no transitional adjustments were required.

Future changes in accounting policies

(i) Financial Instruments – Disclosure and Presentation

CICA Section 3862, "Financial Instruments – Disclosure" and Section 3863, "Financial Instruments – Presentation" replaces CICA Section 3861, "Financial Instruments – Disclosure and Presentation". CICA Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. These standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

The Foundation does not expect the adoption of these standards to have a significant impact on its financial disclosure and results of operations.

3. Supplemental cash flow information

	2008	2007
Cash and cash equivalents consist of the following:		
Cash	$ 99,046	$ 73,780
Temporary investments – guaranteed investment certificates	168,585	225,000
	$ 267,631	$ 298,780

4. Capital assets

			2008	2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer software and equipment	$ 4,182	$ 4,182	$ -	$ 135

5. Donations

	2008	2007
Ultrasound unit	$ 330,331	
Chairs Bonavista	29,142	
Newborn hearing screener	19,728	
Stretchers Clarenville	7,980	
Furnituire for pediatric room	5,208	
Blanket warmer	2,986	
Oxygen unit	1,369	-
Vital signs monitor	1,300	
Sunshine Manor – chair	1,209	$ 597
Camera	513	-
Toys for emergency	486	-
Other	285	405
Infant warmer	-	37,939
Palliative care – cushions	-	1,792
Sunshine Manor – mattresses	-	1,730
Digital piano	-	1,712
	$ 400,537	$ 44,175

6. Related party transactions

The Foundation operates for the purpose of accumulating funds to assist the Eastern Regional Integrated Health Authority with the purchase of medical equipment used in the provision of patient care. Transactions between these related parties are measured at their exchange value.

Discovery Health Care Foundation Inc.
Statements of Operations and Changes in Net Assets

Year Ended March 31	2008	2007
Revenue		
Donations	$ 297,149	$ 292,195
50/50 lotto	3,882	3,463
Interest	6,496	1,634
	307,527	297,292
Expenditures		
Donations (Note 5)	400,537	44,175
Fundraising programs	14,209	18,669
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Salaries and benefits	91,756	88,586
Administration	2,997	364
Depreciation	135	705
Miscellaneous	1,085	2,506
	516,283	158,991
Excess of (expenditures over revenue) revenue over expenditures, before severance pay accrual	(208,756)	138,301
Increase in severance pay accrual	6,822	9,761
Excess of (expenditures over revenue) revenue over expenditures	$ (215,578)	$ 128,540
Net assets, beginning of year	$ 255,007	$ 126,467
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Net assets, end of year	$ 39,429	$ 255,007

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Sunshine Manor - mattresses	-	1,730
Digital piano	-	1,712
	$ 400,537	$ 44,175

6. Related party transactions

The Foundation operates for the purpose of accumulating funds to assist the Eastern Regional Integrated Health Authority with the purchase of medical equipment used in the provision of patient care. Transactions between these related parties are measured at their exchange value.

Deloitte

Financial Statements of

DR. H. BLISS MURPHY CANCER CARE FOUNDATION

March 31, 2007

Deloitte.

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St. John's NL A1C 6H5
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Auditors' Report

To the Directors of
Dr. H. Bliss Murphy Cancer Care Foundation

We have audited the statement of financial position of Dr. H. Bliss Murphy Cancer Care Foundation as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 8, 2007

DR. H. BLISS MURPHY CANCER CARE FOUNDATION
Statement of Operations
Year Ended March 31, 2007

	2007 $	2006 $
REVENUE		
Annual Fund	784,881	769,251
Memorial Program	110,238	118,647
Gifts in kind	10,850	24,246
Dr. Kim Hong Endowment Fund - Contributions	5,303	8,685
Patient and Family Endowment Fund - Contributions	104,384	-
Investment income	72,097	41,483
Sundry	2,097	1,500
	1,089,850	963,812
EXPENDITURES		
Salaries and benefits	205,625	200,394
Fundraising costs	72,151	48,424
Professional services	41,664	6,334
Communications and public relations	37,702	27,677
Stationery and office supplies	14,237	13,621
Travel	9,794	7,862
Meetings and conferences	6,301	3,797
Repairs and maintenance	5,683	3,475
Minor equipment and furniture purchases	5,359	1,977
Telephone	3,188	1,488
Bank charges	2,694	2,866
Membership fees	878	913
Insurance	733	3,935
Books and journals	227	2,603
	406,236	325,366
EXCESS OF REVENUE OVER EXPENDITURES BEFORE UNDERNOTED ITEMS	683,614	638,446
DISBURSEMENTS		
Capital Fund	11,176	108,305
Patient Support Programs and Research	210,318	199,714
Cancer Centres - Gander & Grand Falls Windsor	197,702	-
Minor equipment and other	34,776	46,617
Teleoncology	75,000	25,000
Scholarships/bursaries/grants	16,195	11,777
OTHER		
Decrease in paid leave	(520)	(648)
Increase in severance pay	1,816	2,751
	546,463	393,516
EXCESS OF REVENUE OVER EXPENDITURES	137,151	244,930

DR. H. BLISS MURPHY CANCER CARE FOUNDATION

Statement of Changes in Net Assets

Year Ended March 31, 2007

	2007						2006
	Dr. Kim Hong Endowment Fund	Patient and Family Endowment Fund	Restricted Net Assets	Unrestricted Net Assets	Invested in Capital Assets	Total	Total
	$		$	$	$	$	$
BALANCE, BEGINNING OF YEAR	179,400	-	567,383	318,277	3,902	1,068,962	824,032
Net Assets Transferred from Unrestricted Funds	-	250,000	-	(250,000)	-	-	-
Excess of revenue over expenditures (expenditures over revenue)	602	99,384	(19,716)	55,854	1,027	137,151	244,930
BALANCE, END OF YEAR	180,002	349,384	547,667	124,131	4,929	1,206,113	1,068,962

DR. H. BLISS MURPHY CANCER CARE FOUNDATION
Statement of Financial Position
March 31, 2007

	2007 $	2006 $
ASSETS		
CURRENT		
Cash	**75,210**	315,046
Temporary investments (Note 3)	**1,080,075**	853,000
Accounts receivable	**25,891**	32,939
Prepaid expenses	**2,704**	3,525
	1,183,880	1,204,510
DR. KIM HONG ENDOWMENT FUND (Note 5)	**180,002**	179,400
PATIENT AND FAMILY SUPPORT ENDOWMENT FUND (Note 6)	**349,384**	-
DONATED ART WORK	**4,929**	3,902
	1,718,195	1,387,812
LIABILITIES		
CURRENT		
Due to Eastern Regional Health Authority	**415,255**	188,617
Payables and accruals	**21,009**	45,646
Deferred revenue	**50,000**	60,065
Accumulated paid leave payable	**10,115**	10,635
	496,379	304,963
ACCUMULATED SEVERANCE PAY	**15,703**	13,887
	512,082	318,850
NET ASSETS		
Restricted net assets (Note 4)	**547,667**	567,383
Unrestricted net assets	**124,131**	318,277
Dr. Kim Hong Endowment Fund (Note 5)	**180,002**	179,400
Patient and Family Support Endowment Fund (Note 6)	**349,384**	-
Invested in capital assets	**4,929**	3,902
	1,206,113	1,068,962
	1,718,195	1,387,812

ON BEHALF OF THE BOARD:

____________ Chairman

____________ Director

DR. H. BLISS MURPHY CANCER CARE FOUNDATION
Statement of Cash Flows
Year ended March 31, 2007

	2007 $	2006 $
OPERATING ACTIVITIES		
Excess of revenue over expenditures	**137,151**	244,930
Adjustments for:		
Increase in severance pay accrual	**1,816**	2,751
Decrease in paid leave accrual	**(520)**	(648)
Donated artwork	**(1,027)**	(3,902)
Change in non-cash operating working capital (Note 7)	**199,805**	483,224
	337,225	726,355
INVESTING ACTIVITIES		
Increase in temporary investments	**(227,075)**	(853,000)
Increase in Dr. Kim Hong Endowment Fund	**(602)**	(8,847)
Increase in Patient and Family Support Endowment	**(349,384)**	-
	(577,061)	(861,847)
NET DECREASE IN CASH	**(239,836)**	(135,492)
CASH, BEGINNING OF YEAR	**315,046**	450,538
CASH, END OF YEAR	**75,210**	315,046

1. NATURE OF OPERATIONS

The Foundation was incorporated under the laws of the Province of Newfoundland and Labrador on October 12, 2004. The Dr. H. Bliss Murphy Cancer Care Foundation develops, stewards, and distributes charitable resources to enhance treatment and supportive care programs for cancer patients; funds local cancer research initiatives and provides continuing education opportunities for staff of the Dr. H. Bliss Murphy Cancer Care Foundation and affiliated regional cancer programs in Newfoundland and Labrador.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The unrestricted net assets reports unrestricted resources and operating expenses.

The restricted net assets presented in these financial statements report resources on which stipulations are imposed as to how the funds must be used. Externally restricted net assets are governed by the contributors of the funds. The Endowment Fund principal is externally restricted and disbursement of interest revenue earned is governed by the Board.

Revenue recognition

The Foundation follows the restricted fund method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are recognized as revenue of the appropriate restricted fund. Endowment contributions and interest are recognized as revenue of the endowment fund in the year.

In-kind contributions are recorded at fair value when determinable.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Temporary investments

Temporary investments are recorded at cost unless there is a loss in value other than a temporary decline.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Donated artwork is recorded at estimated fair market value at the date of acquisition and is not amortized.

Severance pay

Severance pay is accounted for on the accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Pension costs

Employees of the Foundation are covered by the Public Service Pension Plan and the Government of Newfoundland and Labrador Money Purchase Plan. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

3. TEMPORARY INVESTMENTS

	2007		2006	
	Market Value	**Cost**	Market Value	Cost
	$	**$**	$	$
Corporate bonds	**788,351**	**830,075**	595,814	603,000
Certificates of deposit	**132,510**	**150,000**	147,180	150,000
Provincial bond	**102,637**	**100,000**	99,579	100,000
	1,023,498	**1,080,075**	842,573	853,000

Market yields of the corporate bonds is 3.85% to 6.75%; maturity dates range from January 12, 2012 ~~to December 14, 2012.~~

3. TEMPORARY INVESTMENTS (Continued)

Market yield on certificates of deposit is 7.00%; maturity date is October 19, 2012.

Market yield on the provincial bond is 4.50%; maturity date is December 1, 2015.

4. RESTRICTED NET ASSETS

The balance included in restricted net assets is comprised of the following restricted funds:

	2007 $	2006 $
10 year Restricted Gift	**286,604**	286,604
Kids with Cancer Travel Fund	**34,068**	40,384
Patient and Resource Library Fund	**9,189**	9,189
Cancer Centre Western Region Campaign	**19,444**	21,163
Research Funds	**56,416**	13,760
Patient and Family Support Fund	**15,597**	22,293
Harry Lake Memorial Fund	**944**	944
Our Living Room	**30,430**	29,949
Power of Life Special Fund	**142,092**	114,162
Cancer Centre - East/West Fund	**(47,117)**	28,935
	547,667	567,383

5. DR. KIM HONG ENDOWMENT FUND

	2007		2006	
	Market Value $	Cost $	Market Value $	Cost $
Corporate bonds	**108,505**	**111,145**	82,819	82,981
Certificates of deposit	**52,258**	**61,000**	91,102	91,000
	160,763	**172,145**	173,921	173,981
Add: accrued interest		**4,758**		7,425
Add: Cash held		**432**		-
		177,335		181,406
Due from (to) operating		**2,667**		(2,006)
		180,002		179.400

5. DR. KIM HONG ENDOWMENT FUND (Continued)

Market yields on the corporate bonds range from 3.85% to 6.75%; maturity dates range from June 6, 2007 to November 16, 2012.

Market yields on the certificates of deposit range from 7.00% to 9.00%; maturity dates range from August 3, 2012 to October 19, 2012.

These investments represent the funds donated to the Dr. Kim Hong Endowment Fund together with accrued interest. As per Canada Revenue Agency regulations 3.5% of endowment principal will be disbursed annually.

6. PATIENT AND FAMILY SUPPORT ENDOWMENT FUND

	2007	
	Market Value $	Cost $
Corporate bonds	325,498	332,856
Add: accrued interest	5,622	5,622
Add: Cash held	121	121
	331,241	338,599
Due from operating		10,785
		349,384

Market yields on the corporate bonds range from 3.85% to 5.00%; maturity dates are November 16, 2012.

These investments represent the funds donated to the Patient and Family Support Endowment Fund together with accrued interest. As per Canada Revenue Agency regulations 3.5% of endowment principal will be disbursed annually.

7. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash operating working capital:

	2007 $	2006 $
Accounts receivable	**7,048**	(20,198)
Prepaid expenses	**821**	(349)
Due to Eastern Regional Health Authority	**226,638**	487,074
Payables and accruals	**(24,637)**	(4,304)
Deferred revenue	**(10,065)**	21,001
	199,805	483,224

8. FINANCIAL INSTRUMENTS

The carrying value of the Foundation's financial instruments included in current assets and current liabilities approximate fair value due to the relatively short-term to maturity of these instruments. The fair value of the Dr. Kim Hong Endowment Fund and Patient and Family Support Endowment Fund investments is as disclosed in Notes 5 and 6.

9 INCOME TAX STATUS

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

GrantThorton

Financial Statements

Eastern Regional Health Authority –

Operating Fund

March 31, 2008

Grant Thornton

Auditors' report

Grant Thornton LLP
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St. John's, NL
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To the Board of Trustees of Eastern Regional Health Authority

We have audited the statement of financial position of Eastern Regional Health Authority - Operating Fund at March 31, 2008 and the statements of operations, changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepting accounting principles.

The comparative figures for the year ended March 31, 2007 were audited by another firm of chartered accountants.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 6, 2008

Chartered Accountants

Eastern Regional Health Authority - Operating Fund

Statement of Operations

Year Ended March 31 (in thousands of dollars)	2008	2007
Revenue		
Provincial plan	$ 870,052	$ 801,066
MCP	45,913	45,411
Inpatient	10,461	12,550
Resident	16,183	15,203
Outpatient	6,577	6,601
Other	31,294	27,504
	980,480	908,335
Expenditure		
Administration	86,473	83,100
Support	119,889	108,936
Patient and resident services	273,107	258,288
Ambulatory care	95,289	89,835
Diagnostic and therapeutic	126,040	116,625
Client services	176,753	149,696
Medical services	64,124	62,509
Research and education	13,285	12,972
Interest on long term debt	10,048	9,810
Other	11,079	6,514
	976,087	898,285
Excess of revenue over expenditure before undernoted items	4,393	10,050
Amortization of deferred capital contributions	18,324	16,640
Depreciation	(25,228)	(25,456)
Interest on sinking fund	462	-
Increase in vacation pay accrual	(4,670)	(2,136)
Increase in severance pay accrual	(3,848)	(4,949)
	(14,960)	(15,901)
Excess of expenditure over revenue	$ (10,567)	$ (5,851)

See accompanying notes to the financial statements.

Eastern Regional Health Authority - Operating Fund

Statement of Changes in Net Deficiency

Year Ended March 31
(in thousands of dollars)

	2008			2007
	Operating Fund	Net Investment in Capital Assets	Total	Total
Net assets (deficiency), beginning of year	$ (202,887)	$ 63,571	$ **(139,316)**	$ (124,434)
Correction of prior period error (Note 16)	9,031		**9,031**	
Net assets (deficiency), as restated	(193,856)	63,571	**(130,285)**	(124,434)
Excess of expenditure over revenue	(10,567)	-	**(10,567)**	(5,851)
Principal portion of capital leases	(704)	704	-	-
Repayment of long term debt	(1,823)	1,823	-	-
Increase in sinking fund	(1,209)	1,209	-	-
Amortization of deferred capital contributions	(18,324)	18,324	-	-
Depreciation	25,228	(25,228)	-	-
Net assets (deficiency), end of year	$(201,255)	$ 60,403	**$ (140,852)**	$ (130,285)

See accompanying notes to the financial statements.

Eastern Regional Health Authority - Operating Fund

Statement of Financial Position

March 31 (in thousands of dollars)	2008	2007
Assets		
Current		
Cash and cash equivalents	$ 4,602	$ 1,405
Receivables (Note 4)	46,150	30,568
Supplies inventory	7,413	7,597
Prepaids	4,180	2,792
	62,345	42,362
Deferred charges	291	395
Capital assets (Note 5)	293,730	287,196
General Hospital Hostel Association loan (Note 6)	1,852	1,966
Trust funds (Note 7)	2,759	2,356
	$ 360,977	$ 334,275
Liabilities		
Current		
Payables and accruals	$ 94,036	$ 82,424
Accrued vacation pay	33,623	28,953
Current portion of long term debt	2,265	1,812
Current portion of obligations under capital leases	524	682
Current portion of accrued severance pay	5,500	3,364
Deferred revenue -operating	27,551	21,753
Deferred capital grants	14,837	13,601
	178,336	152,589
Long term debt (Note 9)	140,248	141,925
Obligations under capital leases (Note 10)	-	545
Accrued severance pay	90,196	88,484
Deferred capital contributions (Note 11)	90,290	78,661
Trust funds (Note 7)	2,759	2,356
	501,829	464,560
Net Deficiency		
Operating fund	(201,255)	(193,856)
Net investment in capital assets	60,403	63,571
	(140,852)	(130,285)
	$ 360,977	$ 334,275

Contingencies (Note 13)
Commitments (Note 14)

On behalf of the Board

Director

Director

Eastern Regional Health Authority - Operating Fund

Statement of Cash Flows

Year Ended March 31
(in thousands of dollars)

	2008	2007
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of expenditure over revenue	$ **(10,567)**	$ (5,851)
Depreciation	**25,228**	25,456
Amortization of deferred capital contributions	**(18,324)**	(16,640)
Loss on disposal of capital assets	**-**	3
Increase in severance pay accrual	**3,848**	4,949
Decrease in deferred charges	**104**	103
	289	8,020
Change in non-cash operating working capital (Note 12)	**6,530**	23,528
	6,819	31,548
Financing		
Proceeds from long term debt	**1,809**	-
Repayment of long term debt	**(1,823)**	(2,445)
Sinking fund payments	**(1,209)**	(1,169)
Proceeds from obligations under capital leases	**-**	124
Repayment of obligations under capital leases	**(704)**	(1,161)
Capital asset contributions	**29,953**	18,973
	28,026	14,322
Investing		
Construction and purchase of capital assets	**(31,762)**	(19,097)
Advance from General Hospital Association	**114**	113
	(31,648)	(18,984)
Net increase in cash and cash equivalents	**3,197**	26,886
Cash and cash equivalents		
Beginning of year	**1,405**	(25,481)
End of year	$ **4,602**	$ 1,405

See accompanying notes to the financial statements.

1. Nature of operations

The Eastern Regional Health Authority ("Eastern Health" or "the Authority") was created on April 1, 2005 to assume the responsibility of governance for health services in Eastern Region of Newfoundland and Labrador.

The mandate of Eastern Health spans the full health continuum including primary and secondary level health and community services for the Eastern Region (Avalon, Bonavista and Burin Peninsulas, west to Port Blandford) as well as tertiary and other provincial programs/services for the whole Province. The organization also has a mandate to work to improve the overall health of the population through its focus on public health as well as on health promotion and prevention initiatives. Services are both community and institutional based. In addition to the provision of comprehensive health care services, Eastern Health also provided education and research in partnership with all stakeholders.

Eastern Health is a registered charity and, while registered, is exempt from income tax.

2. Summary of significant accounting policies

Basis of presentation

These financial statements include the assets, liabilities, revenues, and expenditures of the operating fund.

Fund accounting

The Authority applies fund accounting principles in recording its financial transactions in the operating fund or net investment in capital assets.

The operating fund contains all the operating assets, liabilities, revenue and expenditures of the Authority related to the provision of health care services. The assets of the operating fund are available for the satisfaction of debts, contingent liabilities and commitments of the Authority.

The net investment in capital assets represents assets purchased for the use of the operating fund.

2. Summary of significant accounting policies (cont'd.)

Use of estimates

In preparing the Authority's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Inventory

Inventory is valued at average cost, determined on a first-in first-out basis.

Deferred charges

Deferred charges include costs incurred relating to an energy performance contract as disclosed in Note 14. The deferred charges are being amortized over the 9.75 year life of the energy performance contract.

Capital assets

Capital assets are recorded at cost, although title to certain of these assets rests with the Government of Newfoundland and Labrador (the "Government"). Contributed capital assets are recorded at their estimated fair value at the date of contribution. Minor equipment purchases are charged to operations in the year of acquisition. Depreciation is calculated on a straight-line basis and declining balance basis at the rates set out below.

Land improvements	10% -20%
Buildings and renovations	2% - 5%
Equipment	15% -20%
Equipment under capital leases	14.3% -25%
Leasehold improvements	10% -20%

Construction in progress is not depreciated until the project is substantially complete, at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

2. Summary of significant accounting policies (cont'd.)

Impairment of long lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks associated with ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are depreciated on the same basis as other similar capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on the same basis and using the same rates as the depreciation expense related to the capital assets purchased. Capital contributions for capital assets that are not depreciated are recorded as direct increases in net assets.

Accrued vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for severance pay is recorded in the accounts for any employee who has less than nine years of service. Severance is payable when the employee ceases employment with the Authority.

2. Summary of significant accounting policies (cont'd.)

Revenue recognition

Provincial plan revenues are recognized in the period in which entitlement arises. MCP, inpatient, outpatient and residential revenues are recognized in the period services are provided. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Authority is reimbursed by the Department for the total of its operating costs, after deduction of specified revenue and expenditures, to the extent of the approved budget.

Pension costs

Employees of the Authority are included in the Public Service Pension Plan and Government Money Purchase Plan administered by the Government. Contributions to the plans are required from both the employees and the Authority. The annual contributions for pensions are recognized as an expense in the accounts on a current basis.

Debenture discount and commission

The debenture discount and financing fees are amortized on a straight-line basis over the term of the debenture.

Sinking funds

Sinking funds established for the retirement of debentures are held and administered in trust by the Government.

2. **Summary of significant accounting policies** (cont'd.)

Contributed services

A substantial number of volunteers contribute a significant amount of their time each year to assist Eastern Health in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

Accounting standards and policies adopted during the year

(i) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1506 of the CICA Handbook, "Accounting Changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007 and are applicable for the Authority's year ended March 31, 2008.

(ii) Financial instruments

On April 1, 2007, the Authority implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement" and 3861, "Financial Instruments - Disclosure and Presentation".

This new standard, Section 3855, "Financial Instruments - Recognition and Measurement", requires the Authority to revalue all of its financial assets and liabilities, including any derivatives and embedded derivatives in certain contracts, at fair value on the initial date of implementation and at each subsequent financial reporting date.

This standard also requires the Authority to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale -measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

2. Summary of significant accounting policies (cont'd.)

In accordance with the new standard, the Authority's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost
Long term debt and obligations under capital leases	Other liabilities	Amortized cost

Other balance sheet accounts, such as supplies inventory, prepaids, deferred charges, capital assets, deferred revenue – operating, deferred capital grants, and deferred capital contributions are not within the scope of the new accounting standards as they are not financial instruments.

Embedded derivatives are required to be separated and measured at fair values if certain criteria are met. Under an election permitted by the new standard, management reviewed contracts issued, acquired, or modified on or after April 1, 2003, and determined that the Authority does not currently have any significant embedded derivatives in its contracts that require separate accounting treatment.

The fair value of a financial instrument is the estimated amount that the Authority would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument, various market value data and other valuation techniques were used as appropriate. The fair values of cash approximated its carrying value.

Financial instruments - disclosure and presentation

Section 3861, "Financial Instruments - Disclosure and Presentation", which replaces 3860, of the same title, establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Based on managerial review and valuation of the Authority's financial instruments, no significant differences between carrying value and fair value were identified. Therefore, no transitional adjustments were required.

2. Summary of significant accounting policies (cont'd.)

Future changes in accounting policies

(i) Inventories

In March 2007, the CICA issued Section 3031 "Inventories", which has replaced existing Section 3030 with the same title. The new Section established that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. This standard is effective for financial statements relating to fiscal years beginning on or after January 1, 2008.

(ii) Financial Instruments – Disclosure and Financial Instruments - Presentation

Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments – Presentation" replaces Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. Theses standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

The Authority does not expect the adoption of these standards to have a significant impact on its financial disclosure and results of operations.

3. Control of not-for-profit entities

The Authority controls the Health Care Foundation - St. John's Inc., Janeway Children's Hospital Foundation, Ever Green Environmental Corporation, Trinity-Conception-Placentia Health Foundation Inc., The Burin Peninsula Health Care Foundation Inc., Discovery Health Care Foundation Inc. and the Dr. H. Bliss Murphy Cancer Care Foundation. These Foundations raise funds from the community for the capital equipment needs of the Authority. The Foundations are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Authority also controls the General Hospital Hostel Association, Northwest Rotary-Janeway Hostel Corporation, Lions Manor Inc., TCRHB Housing Complex Inc., Blue Crest Cottages and Golden Heights Manor Cottages. These entities were established to provide accommodations for family members of patients and housing to senior citizens.

3. **Control of not-for-profit entities** (cont'd.)

Eastern Health has memoranda of understanding/governance agreements with the following nursing home owner/operators ("homes") in the region:

- Masonic Park – Nursing Home
- Saint Luke's Home (A Division of Anglican Homes Inc.)
- St. Patrick's Mercy Home
- The Agnes Pratt Home
- The Salvation Army Glenbrook Lodge
- The Pentecostal Assemblies Benevolent Association of Newfoundland and Labrador - Clarke's Beach Senior Citizens' Home

Eastern Health is responsible for policy direction, distribution of operating funds and capital grants, and providing certain services to homes, which are individually controlled entities.

The above not-for-profit entities have not been consolidated in the Authority's financial statements, however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2008 and 2007 and for the years then ended are as follows (in thousands of dollars):

	Foundations		**Hostels and Cottages**		**Nursing Homes**	
	2008	2007	**2008**	2007	**2008**	2007
Financial Position						
Total assets	$ **11,003**	$ 9,453	$ **12,569**	$ 12,747	$ **21,992**	$ 21,939
Total liabilities	**3,033**	2,280	**12,728**	12,896	**36,857**	36,697
Total net assets	**7,970**	7,173	**(159)**	(149)	**(14,865)**	(14,758)
	$ **11,003**	$ 9,453	$ **12,569**	$ 12,747	$ **21,992**	$ 21,939
Results of Operations						
Total revenue	$ **8,454**	9,406	$ **2,227**	2,224	$ **49,981**	$ 48,029
Total expenditure	**7,760**	7,116	**2,237**	2,266	**50,197**	47,967
Excess of revenue over expenditure (expenditure over revenue)	$ **694**	$ 2,290	$ **(10)**	$ (42)	$ **(216)**	$ 62

3. Control of not-for-profit entities (cont'd.)

	Foundations		Hostels and Cottages		Nursing Homes	
	2008	2007	**2008**	2007	**2008**	2007
Cash Flows						
Cash from operations	**$ 1,313**	$ 463	**$ 861**	$ 625	**$ 645**	$ 629
Cash used in financing and investing activities	**(1,021)**	(297)	**(479)**	(444)	**(824)**	(820)
Increase (decrease) in cash	**$ 292**	$ 166	**$ 382**	$ 181	**$ (179)**	$ (191)

4. Receivables

	2008	2007
Government of Newfoundland and Labrador	**$ 19,985**	$ 10,343
Services to patients, residents and clients	**15,839**	12,138
Other	**10,326**	8,087
	$ 46,150	$ 30,568

5. Capital assets

	2008			2007
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land and land improvements	$ 2,810	$ 436	**$ 2,374**	$ 2,394
Buildings and renovations	338,817	122,518	**216,299**	222,081
Equipment	319,795	259,532	**60,263**	54,712
Equipment under capital leases	15,032	13,970	**1,062**	1,699
Construction in progress	13,732	-	**13,732**	6,310
	$ 690,186	$ 396,456	**$ 293,730**	$ 287,196

6. General Hospital Hostel Association loan

The loan is repayable to the Authority in monthly instalments of principal and interest of $12,647 at an interest rate of prime minus 1.75%. The loan matures April 2023. The loan is net of the current portion of $113,658.

7. Trust funds

Funds belonging to patients of the Authority are being held in trust for the benefit of the patients.

8. Bank indebtedness

The Authority has access to a line of credit with the Bank of Montreal in the amount of $64,000,000 in the form of revolving demand loans and/or bank overdrafts at its financial institution with interest at prime less 115 basis points. The line of credit is unsecured. The authority to borrow has been approved by the Minister of Health and Community Services. The balance outstanding in this line of credit at March 31, 2008 is $Nil.

9. **Long term debt**	**2008**	2007
Sinking Fund Debenture, Series HCCI, 6.9%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15.	$ **130,000**	130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan for fifteen year term, payable in monthly instalments of principal and interest of $101,670 maturing May 2014 and is unsecured.	**6,264**	7,077
Royal Bank of Canada (Veterans Pavilion), 4.31% loan for five year term, payable in monthly instalments of principal and interest of $55,670 maturing April 2013 and is unsecured.	**1,809**	-
Bank of Montreal, 3.82% loan for five year term, payable in monthly instalments of principal and interest of $23,699 maturing June 2010 and is unsecured.	**612**	868
Canadian Imperial Bank of Commerce's prime lending rate less 62.5 basis points borrowing to finance the construction of a new facility at Old Perlican. Loan is repayable in monthly instalments of $21,200 plus interest, matures in 2016 and is unsecured.	**2,139**	2,393
5.25% Toronto Dominion Bank term loan, amortized to December 2018, repayable in equal monthly instalments of principal and interest of $4,030 and is unsecured.	**397**	423

9. **Long term debt** (cont'd.)	2008	2007
4.12% Newfoundland and Labrador Housing Corporation mortgage, payable in blended monthly instalments of $19,403. The mortgage matures in December 2020 and is secured by a first mortgage on land and building.	**2,311**	2,446
10% Newfoundland and Labrador Housing Corporation mortgage, payable in blended monthly instalments of $8,955. The mortgage matures in December 2028 and is secured by a first mortgage on land and building.	**954**	968
3.71% Newfoundland and Labrador Housing Corporation mortgage, amortized to July 1, 2020, repayable in equal monthly instalments of principal and interest of $1,086, secured by a first mortgage on the property to which it relates.	**129**	137
CMHC mortgage (Blue Crest Home), 8%, repayable $7,777 monthly, maturing November 2005, secured by a first mortgage on land and building.	**890**	912
CMHC mortgage (Golden Heights Manor), 10.5%, repayable $7,549 monthly, maturing August 2027, secured a by first mortgage on land and building.	**762**	773
CMHC mortgage (Golden Heights Manor), 3.88%, repayable $22,085 monthly, maturing June 2023, secured by a first mortgage on land and building.	**3,053**	3,211
Royal Bank of Canada (Veterans Pavilion), 5.03% loan repaid during the year.	**-**	127
	149,320	149,335
Less: current portion	**2,265**	1,812
	147,055	147,523
Less: sinking funds available	**6,807**	5,598
	$ 140,248	$ 141,925

9. **Long term debt** (cont'd.)

During the year costs of $1,809,918 were incurred relating to an extension to the Veterans Pavilion. The total project cost is estimated to be approximately $3,000,000 and will be reimbursed to Eastern Health by the Department of Veteran's Affairs. The costs incurred during the year of $1,808,918 were funded by operations and this amount has been classified as long term debt at year end as terms and conditions relating to long term financing arrangements for this project were under negotiation at year end, but not finalized. Subsequent to year end, in April 2008, proceeds of $3,000,000 in the form of a five year term loan with the Royal Bank of Canada were received to fund this capital project.

A sinking fund was established for the retirement of the debenture and is to be held in trust by the Government. The annual principal payment to the sinking fund is $747,500.

The interest and mandatory sinking fund payments of the debenture are guaranteed by the Government.

Annual principal repayments on long term debt in each of the next five years are as follows: 2009 - $2,265; 2010 - $2,416; 2011 - $2,312; 2012 - $2,349; and 2013 - $2,463.

10. **Obligations under capital leases**

The Authority has acquired medical and surgical equipment under the terms of capital leases. Payments under the leases, scheduled to expire at various dates to March 31, 2009, are as follows:

Fiscal year ended - 2009	$ 534
Less: amount representing interest (ranging from 0.0% to 9.0%)	10
	524
Less: current portion	524
	$ -

11. Deferred capital contributions

Deferred capital contributions represent the unamortized portion of restricted contributions related to capital assets, which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization for the related capital asset purchased.

The changes in deferred capital contributions balance for the year are as follows:

	2008	2007
Balance, beginning of year	$ 78,661	$ 76,387
Grants received	29,953	18,973
Disposal of assets	-	(59)
Amortization	(18,324)	(16,640)
Balance, end of year	$ 90,290	$ 78,661

12. Supplemental cash flow information

	2008	2007
Change in non-cash operating working capital		
Receivables	$ (15,582)	$ (4,101)
Supplies inventory	184	798
Prepaids	(1,388)	2,573
Payables and accruals	11,612	15,855
Accrued vacation pay	4,670	2,128
Deferred revenue - operating	5,798	7,965
Deferred revenue - capital	1,236	(1,690)
	$ 6,530	$ 23,528
Interest paid	$ 10,510	$ 9,810

13. Contingencies

Guarantees

The Authority has guaranteed a first mortgage of the General Hospital Hostel Association ("the Association") held by the Newfoundland and Labrador Housing Corporation. The balance of the mortgage outstanding at March 31, 2008 was $1,423,931 (2007 - $1,523,541).

The Authority has guaranteed an additional term loan of the Association held by the Royal Bank of Canada. The balance of the loan outstanding at March 31, 2008 was $862,566 (2007 - $901,994).

Management believes the Authority will not be called upon to honour these guarantees.

Legal claims

Over the years a number of claims have been filed against the Authority, including a class action suit that was certified by the courts against the Authority in 2007. An estimate of loss, if any, relative to these matters, is not determinable at this time and no provision has been recorded in the accounts for these matters. In the view of management, the Authority's insurance program adequately addresses the issue of risk of loss in these matters.

14. Commitments

Operating Leases

Under the terms of several long term operating leases related to hospital and office equipment, the Authority is committed to make approximate annual lease payments to March 31, 2013 as follows:
2009 - $7,243; 2010 - $6,403; 2011 - $5,090; 2012 - $3,447; and 2013 - $2,856.

Energy Performance Contract

- The Authority entered into an Energy Performance contract on August 11, 1998 with The Enerplan/Rose Group for the design, implementation and monitoring of energy efficiency improvements. The cost of the contract was $5,605,094. Lump sum amounts aggregating $1,008,555 have been paid and recorded as deferred charges with the remaining balance of $4,596,439 being financed by The Enerplan/Rose Group through CitiCapital Technology Finance Limited. The deferred charge amount is being amortized at $103,442 annually for 9.75 years while the payments to The Enerplan/Rose Group are $56,833 per month over a period of 9.75 years.

14. Commitments (cont'd.)

The Enerplan/Rose Group has assigned its payments under the contract to CitiCapital Technology Finance Limited. As at March 31, 2008 the outstanding balance of the financing through The Enerplan/Rose Group was $1,952,803. The Authority's obligation for payment is limited to actual cost savings as The Enerplan/Rose Group has guaranteed the reduction in operating costs would equal or exceed the costs incurred under the contract.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments and the amortization of the deferred charges relating to lump sum amounts under the contract are being reported in the Authority's operating statements as a normal operating cost.

15. Related party transactions

Contributions to the Authority during the year are as follows:

	2008	2007
Janeway Children's Hospital Foundation	$ 1,723	$ 1,430
Dr. H. Bliss Murphy Cancer Care Foundation	456	384
General Hospital Hostel Association	575	361
Health Care Foundation of St. John's Inc.	216	300
Burin Peninsula Health Care Foundation	423	293
Masonic Park Apartments	-	187
Trinity-Conception-Placentia Health Foundation	44	146
Residential Housing - A Division of Anglican Homes Inc.	-	102
Bishop Meaden Manor - A Division of Anglican Homes Inc.	-	87
Discovery Health Care Foundation	400	44
Lions Manor Inc.	-	28
TCRHB Housing Complex Inc.	-	2
Golden Heights Manor Cottages	12	-
Blue Crest Cottages	13	-
	$ 3,862	$ 3,364

15. **Related party transactions** (cont'd.)

At year end, the amounts receivable from related parties are as follows:

	2008	2007
Northwest Rotary - Janeway Hostel Corporation	$ 1,107	$ 995
Burin Peninsula Health Care Foundation	-	500
Dr. H. Bliss Murphy Cancer Care Foundation	260	402
Health Care Foundation of St. John's Inc.	770	384
Janeway Children's Hospital Foundation	491	285
Golden Heights Manor Cottages	185	154
Ever Green Environmental Corporation	460	110
Blue Crest Cottages	88	105
General Hospital Hostel Association	420	94
Masonic Park Apartments	-	41
Salvation Army Headquarters	-	33
Residential Housing - A Division of Anglican Homes Inc.	-	15
Bishop Meaden Manor - A Division of Anglican Homes Inc.	-	2
Discovery Health Care Foundation	179	(1)
	$ 3,960	$ 3,119

At year end, the amounts due from nursing homes:

	2008	2007
Saint Luke's Home	$ 6	$ 289
Masonic Park - Nursing Home	102	59
The Salvation Army Glenbrook Lodge	536	628
St. Patrick's Mercy Home	406	424
The Agnes Pratt Home	28	131
The Pentecostal Assemblies Benevolent Association of Newfoundland & Labrador – Clarke's Beach Senior Citizen's Home	544	208
	$ 1,622	$ 1,739

Other

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fund raising activities to provide operation and capital donations to further the objectives of the Authority.

Transactions between these related parties are measured at their exchange value.

16. Correction of prior period error

During 2008, an error was identified in the amount of accrued severance pay reported in the 2007 audited financial statements resulting in an overstatement of the accrual for 2007 in the amount of $9,031,782. This also resulted in an overstatement of the related expenditure and opening net assets (deficiency) by the same amount.

The Authority has corrected the error by decreasing the 2008 opening net deficiency of the operating fund by $9,031,782. As a result of this change the 2007 accrued severance pay on the statement of financial position and the excess of expenditure over revenue on the statement of operations decreased by $9,031,782.

17. Comparative figures

Certain of the 2007 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Eastern Regional Health Authority - Operating Fund

Schedule 1

Schedule of Expenditures for Government Reporting

Year Ended March 31
(in thousands of dollars)

		2008		2007
Administration				
Executive offices	$	**13,061**	$	12,036
Finance and budgeting		**7,880**		7,071
Human resources		**9,626**		8,236
Systems support		**12,192**		11,396
Materials management		**15,138**		17,447
Other administrative		**28,576**		26,914
		86,473		83,100
Support				
Housekeeping		**23,007**		21,370
Laundry and linen		**7,969**		7,755
Facilities management		**44,309**		39,530
Food services		**25,277**		24,342
Other support		**19,327**		15,939
		119,889		108,936
Patient and resident services				
Acute care		**153,095**		142,960
Long term care		**107,092**		101,491
Other patient and resident services		**12,920**		13,837
		273,107		258,288
Ambulatory care				
Emergency		**20,991**		20,389
Outpatient clinics		**59,048**		54,236
Dialysis		**11,033**		10,565
Other ambulatory		**4,217**		4,645
		95,289		89,835
Diagnostic and therapeutic				
Clinical laboratory		**32,898**		31,176
Diagnostic imaging		**36,890**		34,697
Other diagnostic and therapeutic		**56,252**		50,752
		126,040		116,625

Eastern Regional Health Authority - Operating Fund

Schedule 1 (cont'd.)

Schedule of Expenditures for Government Reporting

Year Ended March 31 (in thousands of dollars)	2008	2007
Client services		
Mental health and addictions	**8,634**	8,388
Community support programs	**95,581**	81,263
Family support programs	**55,750**	45,169
Community youth corrections	**3,658**	2,754
Health promotion and protection	**13,130**	12,122
	176,753	149,696
Medical services		
Physician services	**49,031**	49,779
Interns and residents	**15,093**	12,730
	64,124	62,509
Research and education		
Research	**2,161**	2,168
Education	**11,124**	10,804
	13,285	12,972
Interest on long term debt		
Interest on long term debt	**10,048**	9,810
Other		
Undistributed	**11,079**	6,514
	$ 976,087	$ 898,285

Eastern Regional Health Authority - Operating Fund

Schedule 2

Schedule of Revenue and Expenditures for Government Reporting

Year Ended March 31
(in thousands of dollars)

	2008	2007
Revenue		
Provincial plan	$ **870,052**	$ 801,066
MCP	**45,913**	45,411
Inpatient	**10,461**	12,550
Resident	**16,183**	15,203
Outpatient	**6,577**	6,601
Other	**31,294**	27,504
	980,480	908,335
Expenditures		
Compensation		
Salaries	**511,435**	478,832
Employee benefits	**84,141**	80,234
	595,576	559,066
Supplies		
Plant operations and maintenance	**17,207**	16,095
Drugs	**35,993**	33,640
Medical and surgical	**44,999**	40,948
Other	**176,246**	154,668
	274,445	245,351
Direct client costs		
Mental health and addictions	**52**	42
Community support	**68,072**	61,081
Family support	**27,856**	22,631
Community Youth Corrections	**38**	304
	96,018	84,058
Lease and long term debt		
Lease - interest	**30**	73
Lease - principal	**703**	1,161
Long term debt - interest	**10,018**	9,737
Long term debt - principal	**2,571**	3,193
	13,322	14,164
	979,361	902,639

Eastern Regional Health Authority - Operating Fund

Schedule 2 (cont'd.)

Schedule of Revenue and Expenditures for Government Reporting

Year Ended March 31
(in thousands of dollars)

	2008	2007
Surplus for government reporting	1,119	5,696
Lease - principal	703	1,161
Long term debt - principal	2,571	3,193
	3,274	4,354
Surplus before non-shareable items	4,393	10,050
Non-shareable items		
Amortization of deferred capital contributions	18,324	16,640
Depreciation	(25,228)	(25,456)
Interest on sinking fund	462	-
Increase in vacation pay accrual	(4,670)	(2,136)
Increase in severance pay accrual	(3,848)	(4,949)
	(14,960)	(15,901)
Excess of expenditure over revenue	$ (10,567)	$ (5,851)

Eastern Regional Health Authority - Operating Fund

Schedule 3

Schedule of Capital Transactions Funding and Expenditure for Government Reporting

Year Ended March 31
(in thousands of dollars)

	2008	2007
Revenue		
Provincial capital equipment grant for current year	$ 24,389	$ 12,338
Less: capital equipment grant reallocated for operating fund purchases	(867)	-
Deferred capital grant from prior year	13,601	15,291
Deferred capital grant from current year	(14,837)	(13,601)
Provincial funding used in current year	22,286	14,028
Capital campaign	-	38
Foundations and auxiliaries	2,843	1,336
Infoway	1,300	1,800
Transfer from operations	3,121	1,678
Proceeds from long term debt	1,809	-
Proceeds from leases	-	124
Other	403	93
	31,762	19,097
Expenditure		
Buildings	1,246	5,551
Equipment	22,956	13,049
Vehicles	138	229
Equipment under capital leases	-	120
Construction in progress	7,422	148
	31,762	19,097
Surplus on capital transactions	$ -	$ -

Eastern Regional Health Authority - Operating Fund

Schedule 4

Schedule of Accumulated Operating Deficit for Government Reporting

Year Ended March 31 (in thousands of dollars)	2008	2007
Assets		
Current		
Cash and cash equivalents	$ 4,602	$ 1,405
Receivables	46,150	30,568
Supplies inventory	7,413	7,597
Prepaids	4,180	2,792
	62,345	42,362
Deferred charges	291	395
General Hospital Hostel Association loan	1,852	1,966
	64,488	44,723
Liabilities		
Current		
Payables and accruals	94,036	82,424
Deferred revenue - operating	27,551	21,753
Deferred capital grants	14,837	13,601
	136,424	117,778
Accumulated deficit	$ (71,936)	$ (73,055)

Deloitte

Financial Statements of

EASTERN REGIONAL HEALTH AUTHORITY – COTTAGES AND HOSTELS

March 31, 2007

Deloitte.

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Auditors' Report

To the Board of Trustees of
Eastern Regional Health Authority

We have audited the combined statement of financial position of Eastern Regional Health Authority – Cottages and Hostels as at March 31, 2007 and the combined statements of operations, changes in fund balances and cash flows and supplementary schedules for the year then ended. These financial statements have been prepared to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Eastern Regional Health Authority – Hostels and Cottages as at March 31, 2007 and the results of its operations and its cash flows for year then ended in accordance with the basis of accounting disclosed in Note 2 to the financial statements.

These financial statements, which have not been and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Board of Trustees of Eastern Regional Health Authority – Cottages and Hostels and Newfoundland and Labrador Housing Corporation to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Deloitte & Touche LLP

Chartered Accountants
August 7, 2007

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Combined Statement of Operations

Year Ended March 31, 2007

	2007 $	2006 $
REVENUE		
Rentals	**1,816,490**	1,771,387
Rental assistance subsidy	**234,077**	240,856
Amortization of deferred capital contributions	**90,000**	90,000
Interest	**31,426**	18,466
Other	**22,397**	22,396
Domestic electricity charge	**9,920**	9,860
HST rebate	**6,011**	6,957
Laundry charge	**4,700**	4,660
	2,215,021	2,164,582
EXPENDITURES		
Amortization	**535,225**	519,237
Interest on long-term debt	**399,350**	428,462
Salaries and benefits	**307,512**	315,489
Utilities	**266,750**	254,039
Housekeeping services	**225,227**	225,227
Maintenance	**191,490**	173,044
Laundry and linen	**146,923**	157,518
Municipal taxes	**43,079**	43,031
Security	**26,818**	34,599
Administration fees	**26,218**	24,363
Snow clearing	**23,712**	20,986
Other supplies	**23,155**	23,553
Insurance	**8,546**	9,973
Professional fees	**5,182**	18,392
Computer services	**2,454**	2,454
	2,231,641	2,250,367
EXCESS OF EXPENDITURES OVER REVENUE BEFORE UNDERNOTED ITEMS	**(16,620)**	(85,785)
Transfer to subsidy surplus fund	**(1,399)**	(946)
Transfer to replacement reserve fund	**(23,673)**	(20,806)
EXCESS OF EXPENDITURES OVER REVENUE	**(41,692)**	(107,537)

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Combined Statement of Changes in Fund Balances

Year Ended March 31, 2007

	2007			2006
	Unrestricted net assets	**Investment in capital assets**	**Total**	Total
	$		**$**	$
BALANCE, BEGINNING OF YEAR	**(918,081)**	**810,665**	**(107,416)**	121
Excess of revenue over expenditures (expenditures over revenue)	**403,535**	**(445,227)**	**(41,692)**	(107,537)
Repayment of long-term debt	**(444,247)**	**444,247**	**-**	-
BALANCE, END OF YEAR	**(958,793)**	**809,685**	**(149,108)**	(107,416)

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Combined Statement of Financial Position

Year Ended March 31, 2007

	2007 $	2006 $
ASSETS		
CURRENT		
Cash and cash equivalents	**499,266**	318,999
Accounts receivable	**41,180**	32,155
Due from Eastern Regional Health Authority	-	12,482
Prepaid expenses	**28,776**	29,643
Due from Newfoundland & Labrador Housing Corporation (Note 5)	-	2,419
	569,222	395,698
CAPITAL ASSETS (Note 3)	**11,212,930**	11,748,157
REPLACEMENT RESERVE FUND (Note 4)	**924,752**	907,506
SUBSIDY SURPLUS FUND	**39,673**	38,274
	12,746,577	13,089,635
LIABILITIES		
CURRENT		
Bank indebtedness	-	626
Accounts payable and accrued liabilities	**111,452**	113,075
Due to Eastern Regional Health Authority	**1,348,583**	1,130,001
Due to Newfoundland & Labrador Housing Corporation (Note 5)	**5,821**	-
Current portion of long-term debt (Note 6)	**476,718**	442,753
	1,942,574	1,686,455
LONG-TERM DEBT (Note 6)	**8,531,527**	9,009,739
DEFERRED CAPITAL CONTRIBUTIONS	**1,395,000**	1,485,000
ACCRUED SEVERANCE PAY	**62,159**	70,077
REPLACEMENT RESERVE FUND (Note 4)	**924,752**	907,506
SUBSIDY SURPLUS FUND	**39,673**	38,274
	12,895,685	13,197,051
NET ASSETS (DEFICIENCY)		
Unrestricted	**(958,793)**	(918,081)
Investment in capital assets	**809,685**	810,665
	(149,108)	(107,416)
	12,746,577	13,089,635

APPROVED BY THE BOARD

________________ Director ________________ Director

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Combined Statement of Cash Flows

Year Ended March 31, 2007

	2007	2006
	$	$
OPERATING ACTIVITIES		
Excess of expenditures over revenue	**(41,692)**	(107,537)
Adjustments for:		
Amortization of capital assets	**535,225**	519,237
Amortization of deferred capital contributions	**(90,000)**	(90,000)
Increase (decrease) in severance pay accrual	**(7,916)**	4,862
Changes in non-cash working capital (Note 7)	**229,523**	168,966
	625,140	495,528
FINANCING ACTIVITY		
Repayment of long-term debt	**(444,247)**	(428,271)
	(444,247)	(428,271)
NET INCREASE IN CASH RESOURCES	**180,893**	67,257
CASH, BEGINNING OF YEAR	**318,373**	251,116
CASH, END OF YEAR	**499,266**	318,373
COMPRISED OF		
Cash and temporary investments	**499,266**	318,999
Bank indebtedness	**-**	(626)
	499,266	318,373

1. NATURE OF OPERATIONS

The cottage and hostel operation of Eastern Regional Health Authority (the "Organization") consists of two hostels and four cottage operations.

The prior year figures, presented for comparative purposes, reflect the financial position and operations of the following entities as if they had been combined since their inception in accordance with the continuity of interest method of accounting:

- General Hospital Hostel Association
- Northwest Rotary – Janeway Hostel Corporation
- Lions Manor Inc.
- TCRHB Housing Complex Inc.
- Golden Heights Manor Cottages
- Blue Crest Cottages

Certain of the prior year figures as reported by the above noted entities have been reclassified to conform with the current year presentation.

Hostels

The General Hospital Hostel Association was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients.

On June 28, 2002 the extension to the Agnes Cowan Hostel was completed. At that time the Hostel assumed the services of the Northwest Rotary - Janeway Hostel Corporation.

The Hostels are incorporated under the Corporations Act of Newfoundland and are registered charities under the Income Tax Act.

Cottages

Lions Manor Inc.

Lions Manor Inc. was established to provide housing accommodations to senior citizens in Placentia and the surrounding area.

1. NATURE OF OPERATIONS (Continued)

TCRHB Housing Complex Inc.

TCRHB Housing Complex Inc. was established to provide housing accommodations for senior citizens in Old Perlican and the surrounding area.

Golden Heights Manor Cottages

Golden Heights Manor Cottages was established to provide housing accommodations for senior citizens in Bonavista and the surrounding area.

Blue Crest Cottages

The Blue Crest Cottages was established to provide housing accommodations for senior citizens in Grand Bank and the surrounding area.

Each of the above noted housing corporations is exempt from federal and provincial income tax in accordance with the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with significant accounting policies set out below to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation (NLHC). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because amortization is not provided on the buildings over the estimated useful life of the assets but rather at a rate equal to the annual principal reduction of the mortgage.

Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Capital assets

Capital assets are recorded at cost. Amortization on the buildings is recorded in an amount equal to the reduction in the related mortgage principal in the fiscal year. Amortization is recorded on equipment on a declining balance basis using a rate of 20%.

Capital contributions

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis as the capital assets to which the funding related.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Organization.

Pension costs

Employees of the organization are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador (the "Government"). Contributions to the plans are required from both the employees and the Organization. The annual contributions for pensions are recognized in the accounts on a current basis.

Use of estimates

In preparing the Organization's financial statements in conformity with Canadian generally accepted accounting principles; management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities. The disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. CAPITAL ASSETS

	2007			2006
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
	$	**$**	**$**	$
Land	**262,365**	-	**262,365**	262,365
Land improvements	**131,300**	**37,976**	**93,324**	98,173
Buildings and renovations	**14,537,043**	**3,905,684**	**10,631,359**	11,159,367
Furniture and equipment	**719,266**	**499,596**	**219,670**	222,040
Fencing	**6,212**	-	**,212**	6,212
	15,656,186	**4,443,256**	**11,212,930**	11,748,157

4. REPLACEMENT RESERVE FUND

These funds have been set aside to fund the balance of reserves required under agreements with the Newfoundland & Labrador Housing Corporation. The use of these funds is restricted to the purchase of items approved by the Newfoundland & Labrador Housing Corporation.

	2007 $	2006 $
Balance, beginning of year	**907,506**	898,555
Allocation from earnings	**14,850**	14,850
Interest income	**17,850**	11,573
Approved expenditures for the year	**(15,454)**	(17,472)
Balance, end of year	**924,752**	907,506

5. DUE (TO) FROM NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

	2007 $	2006 $
Balance, beginning of year	**2,419**	(14,635)
Net subsidy for the year	**92,540**	95,981
Payments received for the year	**(170,638)**	(172,858)
Repayments issued during the year	**69,858**	93,931
Balance, end of year	**(5,821)**	2,419

6. LONG -TERM DEBT

	2007 $	2006 $
GENERAL HOSPITAL HOSTEL ASSOCIATION		
Newfoundland and Labrador Housing Corporation (NLHC) 4.31% first mortgage, maturing March 1, 2012, amortized to 2019, payable in monthly principal and interest instalments of $13,455.	**1,523,541**	1,607,162
Royal Bank of Canada 5.02% first mortgage, maturing May 24, 2011, amortized to 2021, payable in monthly principal and interest instalments of $7,447.	**901,994**	940,938
Eastern Regional Health Authority, prime minus 1.75%, maturing April 1, 2023, amortized to 2023, payable in monthly principal and interest instalments of $12,647.	**2,076,582**	2,185,630
NORTHWEST ROTARY - JANEWAY HOSTEL CORPORATION		
NLHC 4.24% first mortgage, maturing June 1, 2008, amortized to April 1, 2018 payable in blended monthly instalments of principal and interest of $8,135.	**863,580**	923,523
LION'S MANOR INC.		
NLHC 4.31% mortgage, repayable in blended monthly instalments of $7,011, renewable April, 2012.	**998,401**	1,036,128
NLHC 4.31% mortgage, repayable in blended monthly instalments of $3,517, renewable April, 2012.	**562,261**	578,544
TCRHB HOUSING COMPLEX INC.		
NLHC 4.31% mortgage, repayable in blended monthly instalments of $2,428, renewable April, 2012.	**400,541**	411,266

6. LONG -TERM DEBT (Continued)

	2007 $	2006 $
GOLDEN HEIGHTS MANOR COTTAGES		
NLHC 4.33% first mortgage on land and building, chattel mortgage on equipment and an assignment rents; repayable in equal monthly instalments of $5,951, interest included, renewable September 1, 2009 and maturing July 1, 2019.	**682,323**	723,477
BLUE CREST COTTAGES		
NLHC 4.16% mortgage repayable in equal monthly instalments of $4,218, interest included renewable December 1, 2011 and maturing December 1, 2021.	**558,451**	584,487
NLHC 4.59% mortgage; repayable in equal monthly instalments of $3,521, interest included; renewable on August 1, 2011 and maturing May 1, 2021.	**440,571**	461,337
	9,008,245	9,452,492
Less: Current portion	**476,718**	442,753
	8,531,527	9,009,739

Annual principal repayments of long-term debt are as follows:

	$
2008	**476,718**
2009	**473,911**
2010	**495,598**
2011	**517,797**
2012	**540,994**
Thereafter	**6,503,227**

7. SUPPLEMENTAL CASH FLOW INFORMATION

	2007 $	2006 $
Change in non-cash operating working capital		
Accounts receivable	(9,025)	(2,636)
Due to Eastern Regional Health Authority	231,064	187,230
Due (to) from Newfoundland & Labrador Housing Corporation	8,240	(16,528)
Prepaid expenses	867	-
Accounts payable and accrued liabilities	(1,623)	900
	229,523	168,966
Interest paid	399,350	428,462

8. FINANCIAL INSTRUMENTS

The carrying value of the Organization's financial instruments, included in current assets and current liabilities, approximates fair value due to the relatively short-term nature of these instruments.

Long-term debt reflects fair value based on current borrowing rates available to the Organization.

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Combined Schedule of Revenue and Expenditures for Newfoundland and Labrador Housing Corporation

Year Ended March 31, 2007

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2007	Total 2006
	$	$	$	$	$	$	$	$
REVENUE								
Rentals	1,388,738	-	171,346	34,005	98,481	123,920	1,816,490	1,771,387
Rental assistance subsidy	56,811	23,741	73,999	18,541	27,964	33,021	234,077	240,856
Amortization of deferred capital contributions	90,000	-	-	-	-	-	90,000	90,000
Interest	26,466	643	406	191	1,166	2,554	31,426	18,466
Other	22,397	-	-	-	-	-	22,397	22,396
Domestic electricity charge	-	-	9,920	-	-	-	9,920	9,860
HST rebate	-	-	4,943	1,068	-	-	6,011	6,957
Laundry charge	-	-	4,700	-	-	-	4,700	4,660
	1,584,412	24,384	265,314	53,805	127,611	159,495	2,215,021	2,164,582
EXPENDITURES								
Amortization	322,589	59,943	54,020	10,731	41,153	46,789	535,225	519,237
Interest on long-term debt	184,250	37,677	78,282	20,018	30,109	49,014	399,350	428,462
Salaries and benefits	307,512	-	-	-	-	-	307,512	315,489
Utilities	111,070	21,447	58,720	11,392	29,130	34,991	266,750	254,039
Housekeeping services	225,227	-	-	-	-	-	225,227	225,227
Maintenance	119,403	-	33,810	2,608	25,414	10,255	191,490	173,044
Laundry and linen	146,923	-	-	-	-	-	146,923	157,518
Municipal taxes	-	-	18,777	3,797	7,200	13,305	43,079	43,031
Security	-	26,818	-	-	-	-	26,818	34,599
Administration fees	14,324	-	10,344	1,550	-	-	26,218	24,363
Snow clearing	-	-	5,891	1,209	8,743	7,869	23,712	20,986
Other supplies	22,994	20	-	-	141	-	23,155	23,553
Insurance	1,715	-	1,480	351	2,500	2,500	8,546	9,973
Professional fees	2,795	492	3,990	2,149	(2,122)	(2,122)	5,182	18,392
Computer services	2,454	-	-	-	-	-	2,454	2,454
	1,461,256	146,397	265,314	53,805	142,268	162,601	2,231,641	2,250,367
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) BEFORE UNDERNOTED ITEMS	123,156	(122,013)	-	-	(14,657)	(3,106)	(16,620)	(85,785)
Transfer to subsidy surplus fund	(1,399)	-	-	-	-	-	(1,399)	(946)
Transfer to replacement reserve fund	(8,823)	-	-	-	(9,100)	(5,750)	(23,673)	(20,806)
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	112,934	(122,013)	-	-	(23,757)	(8,856)	(41,692)	(107,537)

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS

Combined Schedule of Financial Position for Newfoundland and Labrador Housing Corporation

Year Ended March 31, 2007

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2007	Total 2006
	$	$	$	$	$	$	$	$
ASSETS								
CURRENT								
Cash and cash equivalents	449,169	2,045	3,675	11,867	15,601	16,909	499,266	318,999
Accounts receivable	34,107	-	5,965	1,108	-	-	41,180	32,155
Due from Eastern Regional Health Authority	-	-	-	-	-	-	-	12,482
Prepaid expenses	-	-	13,539	-	5,400	9,837	28,776	29,643
Due from Newfoundland & Labrador Housing Corporation	-	-	-	-	-	-	-	2,419
	483,276	2,045	23,179	12,975	21,001	26,746	569,222	395,698
CAPITAL ASSETS	6,290,455	1,260,902	1,579,685	400,541	682,323	999,024	11,212,930	11,748,157
REPLACEMENT RESERVE FUND	250,275	160,507	368,891	53,449	72,962	18,668	924,752	907,506
SUBSIDY SURPLUS FUND	39,673	-	-	-	-	-	39,673	38,274
	7,063,679	1,423,454	1,971,755	466,965	776,286	1,044,438	12,746,577	13,089,635
LIABILITIES								
CURRENT								
Bank indebtedness	-	-	-	-	-	-	-	626
Due to Eastern Regional Health Authority	94,329	994,994	-	-	154,560	104,700	1,348,583	1,130,001
Due to Newfoundland & Labrador Housing Corporation	-	-	3,616	2,205	-	-	5,821	-
Accounts payable and accrued liabilities	62,591	6,769	19,563	10,771	3,493	8,265	111,452	113,075
Current portion of long-term debt	251,331	62,512	60,920	11,286	42,938	47,731	476,718	442,753
	408,251	1,064,275	84,099	24,262	200,991	160,696	1,942,574	1,686,455
LONG-TERM DEBT	4,250,785	801,068	1,499,742	389,254	639,385	951,293	8,531,527	9,009,739
DEFERRED CAPITAL CONTRIBUTIONS	1,395,000	-	-	-	-	-	1,395,000	1,485,000
ACCRUED SEVERANCE PAY	62,159	-	-	-	-	-	62,159	70,077
REPLACEMENT RESERVE FUND	250,275	160,507	368,891	53,449	72,962	18,668	924,752	907,506
SUBSIDY SURPLUS FUND	39,673	-	-	-	-	-	39,673	38,274
	6,406,143	2,025,850	1,952,732	466,965	913,338	1,130,657	12,895,685	13,197,051
NET ASSETS (DEFICIENCY)								
Unrestricted	264,197	(999,719)	-	-	(137,052)	(86,219)	(958,793)	(918,081)
Investment in capital assets	393,339	397,323	19,023	-	-	-	809,685	810,665
	657,536	(602,396)	19,023	-	(137,052)	(86,219)	(149,108)	(107,416)
	7,063,679	1,423,454	1,971,755	466,965	776,286	1,044,438	12,746,577	13,089,635

EASTERN REGIONAL HEALTH AUTHORITY - COTTAGES AND HOSTELS
Combined Schedule of Cash Flows for Newfoundland and Labrador Housing Corporation
Year Ended March 31, 2007

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	Total 2007	Total 2006
	$	$	$	$	$	$	$	$
OPERATING ACTIVITIES								
Excess of revenue over expenditures (expenditures over revenue)	112,934	(122,013)	-	-	(23,757)	(8,856)	(41,692)	(107,537)
Adjustments for:							-	
Amortization of capital assets	322,589	59,943	54,020	10,731	41,153	46,789	535,225	519,237
Amortization of deferred capital contributions	(90,000)	-	-	-	-	-	(90,000)	(90,000)
Increase (decrease) in severance pay accrual	(7,916)	-	-	-	-	-	(7,916)	4,862
Changes in non-cash working capital	102,066	122,144	4,301	6,605	26,200	(31,793)	229,523	168,966
	439,673	60,074	58,321	17,336	43,596	6,140	625,140	495,528
FINANCING ACTIVITY								
Repayment of long-term debt	(231,612)	(59,943)	(54,020)	(10,731)	(41,152)	(46,789)	(444,247)	(428,271)
NET INCREASE (DECREASE) IN CASH RESOURCES	208,061	131	4,301	6,605	2,444	(40,649)	180,893	67,257
CASH, BEGINNING OF YEAR	241,108	1,914	(626)	5,262	13,157	57,558	318,373	251,116
CASH, END OF YEAR	449,169	2,045	3,675	11,867	15,601	16,909	499,266	318,373
COMPRISED OF								
Cash and temporary investments	449,169	2,045	3,675	11,867	15,601	16,909	499,266	318,999
Bank indebtedness	-	-	-	-	-	-	-	(626)
	449,169	2,045	3,675	11,867	15,601	16,909	499,266	318,373

Grant Thornton

Combined Financial Statements

Eastern Regional Health Authority -

Cottages and Hostels

March 31, 2008

GrantThornton

Auditors' report

Grant Thornton LLP
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To the Board of Trustees of Eastern Regional Health Authority

We have audited the combined statement of financial position of Eastern Regional Health Authority - Cottages and Hostels at March 31, 2008 and the combined statements of operations, changes in net deficiency and cash flows for the year then ended. These financial statements have been prepared to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation. These financial statements are the responsibility of the Cottages' and Hostels' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Cottages and Hostels as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with the basis of accounting disclosed in Note 2 to the financial statements.

These financial statements, which have not been and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Board of Trustees of Eastern Regional Health Authority and Newfoundland and Labrador Housing Corporation to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

The comparative figures for the year ended March 31, 2007 were audited by another firm of chartered accountants.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

May 30, 2008

Chartered Accountants

Eastern Regional Health Authority - Cottages and Hostels

Combined Statement of Operations

Year Ended March 31	2008	2007
Revenue		
Rentals	$ 1,866,067	$ 1,813,684
Rental assistance subsidy	173,355	234,077
Amortization of deferred capital contributions	90,000	90,000
Interest	51,510	41,517
Domestic electricity charge	11,892	11,821
HST rebate	5,629	4,943
Laundry charge	22,308	21,084
Other	6,553	6,918
	2,227,314	2,224,044
Expenditure		
Depreciation	570,306	535,225
Interest on long term debt	335,764	399,350
Salaries and benefits	346,968	336,311
Utilities	265,391	266,750
Housekeeping services	225,227	225,227
Maintenance	172,872	180,012
Laundry and linen	166,278	146,923
Municipal taxes	32,759	43,079
Security	16,424	26,818
Administration fees	24,343	24,390
Snow clearing	24,424	23,712
Other supplies	26,354	22,055
Insurance	8,915	10,096
Professional fees	10,948	4,690
Computer services	2,454	2,456
	2,229,427	2,247,094
Excess of expenditure over revenue before undernoted items	(2,113)	(23,050)
Transfer from (to) subsidy surplus fund	6,088	(1,399)
Transfer to replacement reserve fund	(13,490)	(17,243)
	(7,402)	(18,642)
Excess of expenditure over revenue	$ (9,515)	$ (41,692)

Eastern Regional Health Authority - Cottages and Hostels

Combined Statement of Changes in Net Deficiency

Year Ended March 31

	Unrestricted Net Deficiency	Net Investment in Capital Assets	2008 Total	2007 Total
Balance, beginning of year	$ (958,793)	$ 809,685	**$ (149,108)**	$ (107,416)
Excess of expenditure over revenue	(9,515)	-	**(9,515)**	(41,692)
Amortization of deferred capital contributions	(90,000)	90,000	**-**	-
Depreciation	570,306	(570,306)	**-**	-
Repayment of long term debt	(479,332)	479,332	**-**	-
Balance, end of year	$ (967,334)	$ 808,711	**$ (158,623)**	$ (149,108)

Eastern Regional Health Authority - Cottages and Hostels

Combined Statement of Financial Position

March 31	2008	2007
Assets		
Current		
Cash and cash equivalents	$ 880,835	$ 499,266
Receivables	46,711	41,180
Due from Newfoundland and Labrador Housing Corporation	3,590	-
Prepaids	23,395	28,776
	954,531	569,222
Capital assets (Note 3)	10,642,622	11,212,930
Replacement reserve fund (Note 4)	938,241	924,752
Subsidy surplus fund	33,585	39,673
	$ 12,568,979	$12,746,577
Liabilities		
Current		
Payables and accruals	$ 117,657	$ 111,452
Due to Eastern Regional Health Authority	1,696,445	1,348,583
Due to Newfoundland and Labrador Housing Corporation (Note 5)	38,143	5,821
Current portion of long term debt	500,543	476,718
	2,352,788	1,942,574
Long term debt (Note 6)	8,028,370	8,531,527
Accrued severance pay	69,618	62,159
Deferred capital contributions	1,305,000	1,395,000
Replacement reserve fund (Note 4)	938,241	924,752
Subsidy surplus fund	33,585	39,673
	12,727,602	12,895,685
Net Deficiency		
Unrestricted net deficiency	(967,334)	(958,793)
Net investment in capital assets	808,711	809,685
	(158,623)	(149,108)
	$ 12,568,979	$ 12,746,577

On behalf of the Board

Jean Dawe Director

Director

Eastern Regional Health Authority - Cottages and Hostels

Combined Statement of Cash Flows

Year Ended March 31	2008	2007
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of expenditure over revenue	$ (9,515)	$ (41,692)
Depreciation	570,306	535,225
Amortization of deferred capital contributions	(90,000)	(90,000)
Increase (decrease) in severance pay accrual	7,459	(7,916)
	478,250	395,617
Change in non-cash operating working capital (Note 7)	382,651	229,523
	860,901	625,140
Financing		
Repayment of long term debt	(479,332)	(444,247)
Net increase in cash and cash equivalents	381,569	180,893
Cash and cash equivalents		
Beginning of year	499,266	318,373
End of year	$ 880,835	$ 499,266

1. Nature of operations

The cottage and hostel operations of Eastern Regional Health Authority (the "Authority") consists of two hostels and four cottage operations as follows:

General Hospital Hostel Association - Agnes Cowan Hostel
Northwest Rotary - Janeway Hostel Corporation
Lions Manor Inc.
TCRHB Housing Complex Inc.
Golden Heights Manor Cottages
Blue Crest Cottages

Hostels

The General Hospital Hostel Association was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients in St. John's and the surrounding area. On June 28, 2002 the Hostel assumed the services of the Northwest Rotary - Janeway Hostel Corporation.

The Hostels are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

Cottages

Lions Manor Inc.
Lions Manor Inc. was established to provide housing accommodations to senior citizens in Placentia and the surrounding area.

TCRHB Housing Complex Inc.
TCRHB Housing Complex Inc. was established to provide housing accommodations for senior citizens in Old Perlican and the surrounding area.

Golden Heights Manor Cottages
Golden Heights Manor Cottages was established to provide housing accommodations for senior citizens in Bonavista and the surrounding area.

Blue Crest Cottages
Blue Crest Cottages was established to provide housing accommodations for senior citizens in Grand Bank and the surrounding area.

Each of the above noted cottages and hostels is exempt from federal and provincial income tax in accordance with the Income Tax Act.

2. Summary of significant accounting policies

Basis of accounting

The financial statements have been prepared in accordance with significant accounting policies set out below to comply with the mortgage agreements with Newfoundland and Labrador Housing Corporation (NLHC). The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because amortization is not provided on the buildings over the estimated useful life of the buildings but rather at a rate equal to the annual principal reduction of the related mortgages.

Use of estimates

In preparing the Cottages' and Hostels' financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Capital assets

Capital assets are recorded at cost. Contributed capital assets are recorded at their estimated fair value at the date of contribution. Depreciation on the buildings and renovations, land improvements, furniture and equipment, and fencing is recorded in an amount equal to the reduction in the related mortgage principal during the year. Depreciation on computer equipment is recorded on a declining balance basis using a rate of 20%.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Capital contributions

Capital contributions are recorded as deferred capital contributions and amortized to income on the same basis as the related capital assets are depreciated. Capital contributions on non-depreciable capital assets are recorded as direct increases in net assets.

2. Summary of significant accounting policies (cont'd.)

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for severance pay is recorded in the accounts for any employee who has less than nine years of service. Severance is payable when the employee ceases employment with the Cottages and Hostels.

Revenue recognition

Revenue is recognized as earned and when collection is reasonably assured.

Pension costs

Employees of the Cottages and Hostels are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador (the "Government"). Contributions to the plans are required from both the employees and the Cottages and Hostels. The annual contributions for pensions are recognized as an expenditure in the accounts on a current basis.

Accounting standards and policies adopted during the year

(i) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants ("CICA") issued Section 1506 of the CICA Handbook, "Accounting Changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007 and are applicable for the Cottages' and Hostels' year ended March 31, 2008.

(ii) Financial instruments

On April 1, 2007, the Cottages and Hostels implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement" and 3861, "Financial Instruments – Disclosure and Presentation.

This new standard, Section 3855, "Financial Instruments - Recognition and Measurement", requires the Cottages and Hostels to revalue all of its financial assets and liabilities, including any derivatives and embedded derivatives in certain contracts, at fair value on the initial date of implementation and at each subsequent financial reporting date.

2. **Summary of significant accounting policies** (cont'd.)

This standard also requires the Cottages and Hostels to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale -measured at fair value with changes in fair value recognized in net assets for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the new standard, the Cottages' and Hostels' financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivables	Amortized cost
Payables and accruals	Other liabilities	Amortized cost
Long term debt	Other liabilities	Amortized cost

Other balance sheet accounts, such as prepaids, capital assets, and deferred capital contributions are not within the scope of the new accounting standards as they are not financial instruments.

The fair value of a financial instrument is the estimated amount that the Cottages and Hostels would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data and other valuation techniques were used as appropriate. The fair value of cash approximated its carrying value.

2. Summary of significant accounting policies (cont'd.)

Financial instruments - disclosure and presentation

Section 3861, "Financial Instruments - Disclosure and Presentation", which replaces 3860, of the same title, establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Based on managerial review and valuation of the Cottages' and Hostels' financial instruments, no significant differences between carrying value and fair value were identified. Therefore, no transitional adjustments were required.

Future changes in accounting policies

(i) Financial Instruments - disclosure and financial instruments - presentation

Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments – Presentation" replaces Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. Theses standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

The Cottages and Hostels does not expect the adoption of these standards to have a significant impact on its financial disclosure and results of operations.

3. Capital assets

			2008	2007
	Cost	Accumulated Depreciation	**Net Book Value**	Net Book Value
Land	$ 262,365		**$ 262,365**	$ 262,365
Land improvements	131,300	$ 43,099	**88,201**	93,324
Buildings and renovations	14,537,043	4,468,424	**10,068,619**	10,631,359
Furniture and equipment	719,266	502,041	**217,225**	219,670
Fencing	6,212	-	**6,212**	6,212
	$ 15,656,186	$ 5,013,564	**$ 10,642,622**	$ 11,212,930

4. Replacement reserve fund

These amounts have been set aside to fund the balance of reserves required under agreements with the NLHC. The use of these amounts is restricted to the purchase of items approved by the NLHC.

	2008	2007
Balance, beginning of year	$ 924,752	$ 907,506
Allocation from earnings	14,850	14,850
Interest income	11,851	17,850
Approved expenditures for the year	(13,212)	(15,454)
Balance, end of year	$ 938,241	$ 924,752

5. Due to Newfoundland and Labrador Housing Corporation

	2008	2007
Balance, beginning of year	$ (5,821)	$ 2,419
Net subsidy for the year	49,033	92,540
Payments received for the year	(175,676)	(170,638)
Repayments issued during the year	94,321	69,858
Balance, end of year	$ (38,143)	$ (5,821)

6. Long term debt

	2008	2007
General Hospital Hostel Association		
Newfoundland and Labrador Housing Corporation (NLHC) 4.31% first mortgage on land, building and equipment, maturing March 1, 2012, amortized to April 2019, payable in blended monthly principal and interest instalments of $13,455.	$ 1,423,931	$ 1,523,541
Royal Bank of Canada 5.02% first mortgage on land, building and equipment, maturing May 24, 2011, amortized to May 24, 2021, payable in blended monthly principal and interest instalments of $7,447.	862,566	901,994
Eastern Regional Health Authority prime minus 1.75% loan, maturing April 1, 2023, amortized to April 1, 2023, payable in blended monthly principal and interest instalments of $12,647.	1,965,163	2,076,582

6. Long term debt (cont'd.)	2008	2007
Northwest Rotary - Janeway Hostel Corporation		
NLHC 4.24% first mortgage on land, building, with an assignment of rents and leases, maturing June 1, 2008, amortized to April 1, 2018 payable in blended monthly instalments of principal and interest of $8,135.	**801,175**	863,580
Lion's Manor Inc.		
NLHC 4.31% first mortgage on land and building, repayable in blended monthly instalments of principal and interest of $7,011, renewable April 2012, amortized to October 2023.	**956,199**	998,401
NLHC 5.05% first mortgage on land and building, repayable in blended monthly instalments of principal and interest of $3,517, renewable April 2012, amortized to December 2026.	**543,781**	562,261
TCRHB Housing Complex Inc.		
NLHC 4.31% first mortgage on land and building, repayable in blended monthly instalments of principal and interest of $2,428, renewable April 2012, amortized to December 2027.	**388,314**	400,541
Golden Heights Manor Cottages		
NLHC 4.33% first mortgage on land and building, chattel mortgage on equipment and an assignment of rents, repayable in blended monthly instalments of principal and interest of $5,951, renewable September 1, 2009, maturing July 1, 2019.	**639,434**	682,323
Blue Crest Cottages		
NLHC 4.16% first mortgage on land and building, repayable in blended monthly instalments of principal and interest of $4,218, renewable December 1, 2011, maturing December 1, 2021.	**530,405**	558,451

6. **Long term debt** (cont'd.)	2008	2007
NLHC 4.59% first mortgage on land and building, repayable in blended monthly instalments of principal and interest of $3,521, renewable August 1, 2011, maturing May 1, 2021.	417,945	440,571
	8,528,913	9,008,245
Less: current portion	500,543	476,718
	$ 8,028,370	$ 8,531,527

Annual principal repayments for each in the next five years are as follows:

2009 - $500,543; 2010 - $522,830; 2011 - $543,235; 2012 - $564,492; and 2013 - $586,638.

7. **Supplemental cash flow information**	2008	2007
Change in non-cash operating work capital		
Receivables	$ (5,531)	$ (9,025)
Prepaids	5,381	867
Due to Eastern Regional Health Authority	347,867	231,064
Due to Newfoundland and Labrador Housing Corporation	28,732	8,240
Payables and accruals	6,202	(1,623)
	$ 382,651	$ 229,523
Interest paid	$ 335,764	$ 399,350

8. Related party transactions

(a) Rental revenue includes $113,880 (2007 - $113,880) charged to Eastern Health.

(b) Expenditures include $601,477 (2007 - $574,965) paid to Eastern Health for loan interest, administration fees, computer services, housekeeping services, laundry services, maintenance and security services, insurance, and miscellaneous services.

9. Comparative figures

Certain of the 2007 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Eastern Regional Health Authority - Cottages and Hostels

Schedule 1

Combined Schedule of Revenue and Expenditures for Newfoundland and Labrador Housing Corporation

Year Ended March 31

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	**Total 2008**	Total 2007
Revenue								
Rentals	$ 1,406,731		$ 196,778	$ 33,828	$ 104,229	$ 124,501	**$ 1,866,067**	$ 1,813,684
Rental assistance subsidy	43,242	$ 23,741	35,716	13,317	27,964	29,375	**173,355**	234,077
Amortization of deferred capital contributions	90,000	-	-	-	-	-	**90,000**	90,000
Interest	37,512	6,922	976	440	3,573	2,087	**51,510**	41,517
Domestic electricity charge	-	-	9,900	1,992	-	-	**11,892**	11,821
HST rebate	-	-	4,805	824	-	-	**5,629**	4,943
Laundry charge	16,688	-	4,680	940	-	-	**22,308**	21,084
Other	6,553	-	-	-	-	-	**6,553**	6,918
	1,600,727	30,662	252,855	51,341	135,766	155,963	**2,227,314**	2,224,044
Expenditures								
Depreciation	341,430	62,404	60,681	12,227	42,890	50,674	**570,306**	535,225
Interest on long term debt	148,381	34,754	65,416	16,865	28,360	41,988	**335,764**	399,350
Salaries and benefits	324,393	-	-	-	22,325	250	**346,968**	336,311
Utilities	97,543	25,132	62,675	12,188	31,012	36,841	**265,391**	266,750
Housekeeping services	225,227	-	-	-	-	-	**225,227**	225,227
Maintenance	120,659	-	31,510	2,298	13,239	5,165	**172,872**	180,012
Laundry and linen	166,278	-	-	-	-	-	**166,278**	146,923
Municipal taxes	-	-	18,288	3,359	7,200	3,912	**32,759**	43,079
Security	-	16,424	-	-	-	-	**16,424**	26,818
Administration fees	14,323	-	8,520	1,500	-	-	**24,343**	24,390
Snowclearing	-	-	4,942	1,201	8,977	9,304	**24,424**	23,712

Eastern Regional Health Authority - Cottages and Hostels

Schedule 1 (cont'd.)

Combined Schedule of Revenue and Expenditures for Newfoundland and Labrador Housing Corporation

Year Ended March 31

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	**Total 2008**	Total 2007
Other supplies	25,765	21	248	-	222	99	**26,354**	22,055
Insurance	1,715	-	1,700	500	2,500	2,500	**8,915**	10,096
Professional fees	2,795	-	4,000	2,153	1,000	1,000	**10,948**	4,690
Computer services	2,454	-	-	-	-	-	**2,454**	2,456
	1,470,963	138,735	257,980	52,291	157,725	151,733	**2,229,427**	2,247,094
Excess of (expenditures over revenue) revenue over expenditures before undernoted items	129,764	(108,073)	(5,125)	(950)	(21,959)	4,230	**(2,113)**	(23,050)
Transfer from (to) subsidy surplus fund	6,088	-	-	-	-	-	**6,088**	(1,399)
Transfer to replacement reserve fund	(9,026)	-	5,125	950	(4,633)	(5,906)	**(13,490)**	(17,243)
	(2,938)	-	5,125	950	(4,633)	(5,906)	**(7,402)**	(18,642)
Excess of (expenditures over revenue) revenue over expenditures	$ 126,826	$ (108,073)	$ -	$ -	$ (26,592)	$ (1,676)	**$ (9,515)**	$ (41,692)

Eastern Regional Health Authority - Cottages and Hostels

Schedule 2

Combined Schedule of Financial Position for Newfoundland and Labrador Housing Corporation

March 31

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	**Total 2008**	Total 2007
Assets								
Current								
Cash and cash equivalents	$ 804,673	$ 8,902	$ 34,505	$ 8,731	$ 19,765	$ 4,259	**$ 880,835**	$ 499,266
Receivables	37,597	-	4,805	4,309	-	-	**46,711**	41,180
Due from Newfoundland and Labrador Housing Corporation	-	-	3,590	-	-	-	**3,590**	-
Prepaids	-	-	14,245	-	5,400	3,750	**23,395**	28,776
	842,270	8,902	57,145	13,040	25,165	8,009	**954,531**	569,222
Capital assets (Note 3)	5,949,025	1,198,496	1,519,002	388,315	639,434	948,350	**10,642,622**	11,212,930
Replacement reserve fund (Note 4)	259,300	160,507	363,766	52,499	77,595	24,574	**938,241**	924,752
Subsidy surplus fund	33,585	-	-	-	-	-	**33,585**	39,673
	$ 7,084,180	$ 1,367,905	$ 1,939,913	$ 453,854	$ 742,194	$ 980,933	**$ 12,568,979**	$ 12,746,577
Liabilities								
Current								
Payables and accruals	$ 69,895	$ 4,169	$ 24,724	$ 7,318	$ 3,330	$ 8,221	**$ 117,657**	$ 111,452
Due to Eastern Regional Health Authority	310,761	1,112,523	-	-	185,478	87,683	**1,696,445**	1,348,583

Eastern Regional Health Authority - Cottages and Hostels

Schedule 2 (cont'd.)

Combined Schedule of Financial Position for Newfoundland and Labrador Housing Corporation

March 31

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	**Total 2008**	Total 2007
Due to Newfoundland and Labrador Housing Corporation (Note 5)	-	-	32,421	5,723	-	-	**38,143**	5,821
Current portion of long term debt	263,867	65,193	63,500	12,803	44,818	50,362	**500,543**	476,718
	644,523	1,181,885	120,645	25,844	233,626	146,266	**2,352,788**	1,942,574
Long term debt (Note 6)	3,987,793	735,982	1,436,480	375,511	594,616	897,988	**8,028,370**	8,531,527
Accrued severance pay	69,618	-	-	-	-	-	**69,618**	62,159
Deferred capital contributions	1,305,000	-	-	-	-	-	**1,305,000**	1,395,000
Replacement reserve fund (Note 4)	259,300	160,507	363,765	52,499	77,595	24,574	**938,241**	924,752
Subsidy surplus fund	33,585	-	-	-	-	-	**33,585**	39,673
	6,299,819	2,078,374	1,920,890	453,854	905,837	1,068,828	**12,727,602**	12,895,685
Net Deficiency								
Unrestricted net assets (deficiency)	391,994	(1,107,790)	-	-	(163,643)	(87,895)	**(967,334)**	(958,793)
Net investment in capital assets	392,367	397,321	19,023	-	-	-	**808,711**	809,685
	784,361	(710,469)	19,023	-	(163,643)	(87,895)	**(158,623)**	(149,108)
	$ 7,084,180	$ 1,367,905	$ 1,939,913	$ 453,854	$ 742,194	$ 980,933	**$ 12,568,979**	$ 12,746,577

Eastern Regional Health Authority - Cottages and Hostels

Schedule 3

Combined Statement of Cash Flows for Newfoundland and Labrador Housing Corporation

Year Ended March 31

	Agnes Cowan Hostel	Northwest Rotary Janeway Hostel	Lions Manor	TCRHB Cottages	Golden Heights Cottages	Blue Crest Cottages	**Total 2008**	Total 2007
Operating								
Excess of (expenditure over revenue) revenue over expenditure	$ 126,826	$ (108,072)			$ (26,592)	$ (1,676)	$ **(9,515)**	$ (41,692)
Depreciation	341,430	62,404	$ 60,681	$ 12,227	42,890	50,674	**570,306**	535,225
Amortization of deferred capital contributions	(90,000)	-	-	-	-	-	**(90,000)**	(90,000)
Increase (decrease) in severance pay accrual	7,459	-	-	-	-	-	**7,459**	(7,916)
	385,714	(45,668)	60,681	12,227	16,298	48,998	**478,250**	395,617
Change in non-cash operating working capital (Note 7)	220,245	114,929	30,830	(3,136)	30,756	(10,973)	**382,651**	229,523
	605,959	69,261	91,511	9,091	47,054	38,025	**860,901**	625,140
Financing								
Repayment of long term debt	(250,455)	(62,404)	(60,681)	(12,227)	(42,890)	(50,675)	**(479,332)**	(444,247)
Net increase (decrease) in cash and cash equivalents	355,504	6,857	30,830	(3,136)	4,164	(12,650)	**381,569**	180,893
Cash and cash equivalents								
Beginning of year	449,169	2,045	3,675	11,867	15,601	16,909	**499,266**	318,373
End of year	$ 804,673	$ 8,902	$ 34,505	$ 8,731	$ 19,765	$ 4,259	$ **880,835**	$ 499,266

EASTERN SCHOOL DISTRICT

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

June 30, 2007

BYRO
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BYRON SMITH
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

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AUDITOR'S REPORT

To the Board Members of:
Eastern School District

I have audited the balance sheet of the current and capital funds of the Eastern School District as at June 30, 2007 and the related statements of current revenues, expenditures and District deficiency, cash flows and changes in capital fund for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accounting policy with respect to Teachers' Severance Pay and Teachers' Vacation Pay are described in Note 3 and Note 6 respectively. Canadian generally accepted accounting principles require that all accounts receivable should be recorded and disclosed on the financial statements. The liability for Teachers' Severance Pay has been recorded but no offsetting receivable has been recorded. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. If the accounts receivable were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for accounts receivable, revenue, and excess of expenditures over revenue would be necessary.

In my opinion, except for the effects of the failure to record accounts receivable as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2007 and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in note 1 to the financial statements and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

August 31, 2007
Spaniard's Bay

Byron Smith
CHARTERED ACCOUNTANT

Eastern School District
Balance Sheet

As At June 30, 2007	2007	2006
Assets		
Current		
Cash (supp. Info. 1)	$ 12,329,831	$ 5,219,179
Short-term investments (supp. Info. 2)	908,375	155,889
Accounts receivable (note 5)	2,702,061	4,366,472
Teachers' vacation pay (note 6)	28,809,763	28,279,293
Prepaid expenses (supp. info. 3)	554,811	472,779
	45,304,841	38,493,612
Capital assets (schedule 7, notes 1 and 2)	157,938,849	306,427,297
Deferred costs (note 12)	342,603	716,350
Long-term receivables - Due from Province		1,171,871
	$203,586,293	$346,809,130
Liabilities		
Current		
Accounts payable and accrued liabilities (note 8)	$ 11,257,197	$ 7,970,044
Teachers' vacation pay (note 6)	28,809,763	28,279,293
Current maturities (schedule 8)	827,270	869,430
Current portion of obligation under capital lease (note 11)	761,480	786,292
	41,655,710	37,905,058
Long-term debt (schedule 8)	4,060,793	4,441,843
Obligation under capital lease (note 11)	3,417,861	3,683,987
Teachers' severance pay benefits (note 3)	50,037,967	49,100,384
Other employee severance pay accrual	4,652,236	4,700,471
Other employee benefits (note 9)	459,608	477,738
	104,284,175	100,309,481
District Equity		
Investment in capital assets (notes 10 and 2)	153,281,193	300,031,417
District deficiency	(53,979,075)	(53,531,768)
	99,302,118	246,499,649
	$203,586,293	$346,809,130

Contingent Liabilities (Note 17)

On Behalf of the Board:

Chairperson

Treasurer

See accompanying notes to financial statements.

Eastern School District
Statement of Current Revenue, Expenditures and District Deficiency

For the Year Ended June 30, 2007	2007	2006
Current Revenue (Schedule 1)		
Provincial Government grants	$311,999,105	$301,567,827
Ancillary services	63,221	44,132
Miscellaneous	1,694,731	688,613
	313,757,057	302,300,572
Current Expenditures		
Administration (Schedule 2)	4,418,682	4,346,766
Instruction (Schedule 3)	256,685,792	247,390,108
Operations and maintenance (Schedule 4)	29,395,939	28,046,912
Pupil transportation (Schedule 5)	20,496,770	19,661,974
Ancillary services (Schedule 6)	70,000	131,410
Interest (Schedule 8C)	300,913	372,202
Amortization of deferred costs (Note 12)	373,747	373,747
Miscellaneous (Schedule 6)	88,367	73,847
	311,830,210	300,396,966
Excess of revenue over expenditures before undernoted items	1,926,847	1,903,606
Amortization of capital assets (Schedule 7)	(9,701,718)	
Transfer to capital	8,045,610	(1,627,032)
Excess of revenue over expenditures before teachers' severance	270,739	276,574
Net change in teachers' severance liability (Note 3)	(937,583)	(116)
Excess of (expenditures over revenue) revenue over expenditures	$ (666,844)	$ 276,458

District deficiency, beginning of the year	$ (53,531,768)	$ (53,808,226)
Excess of (expenditures over revenue) revenue over expenditures	(666,844)	276,458
Unrealized gain on investments (Note 16)	219,537	
District deficiency, end of the year	$(53,979,075)	$(53,531,768)

See accompanying notes to financial statements.

Eastern School District
Statement of Cash Flows

For the Year Ended June 30, 2007	2007	2006
OPERATING ACTIVITIES		
Excess of (expenditures over revenue) revenue over expenditures	$ (666,844)	$ 276,458
Items not affecting cash:		
Amortization of deferred costs	373,747	373,747
Amortization of capital assets	9,701,718	
Amortization of energy retrofit	558,279	814,739
Adjustment to carrying value of certain capital assets (Note 2)	148,440,416	
Severance pay accrual	(48,235)	(240,535)
Teachers severance liability	937,583	116
Other employee benefits liability	(18,130)	45,029
Short term investments	(752,486)	
Accounts receivable	1,664,412	274,607
Prepaid expenses	(82,032)	9,528
Accounts payable and accrued liabilities	3,287,150	1,247,311
	163,395,578	2,801,000
INVESTING ACTIVITIES		
Capital expenditures - net	(10,211,965)	(12,547,214)
Change in investment in capital assets (Note 10)	(146,750,224)	13,287,491
Change in long-term receivable	1,171,871	
Change in unrealized gain on investment	219,537	
	(155,570,781)	740,277
FINANCING ACTIVITIES		
Proceeds from obligation under capital lease	509,060	415,597
Repayment of obligation under capital lease	(799,996)	(709,738)
Proceeds from long-term borrowings	465,800	488,000
Repayment of long-term debt	(889,009)	(1,106,222)
	(714,145)	(912,363)
Change in cash resources	7,110,652	2,628,914
Cash, beginning of the year	5,219,179	2,590,265
Cash , end of the year	$ 12,329,831	$ 5,219,179
Supplementary cash flow information:		
Interest paid	$ 300,913	$ 372,202
Interest paid - bussing loans	171,992	134,355
	$ 472,905	$ 506,557

See accompanying notes to financial statements.

Eastern School District
Statement of Changes in Capital Fund

For the Year Ended June 30, 2007	2007	2006
70 Capital receipts		
71 Proceeds from bank loans		
011 School construction		
012 Equipment	$ 465,800	$ 488,000
013 Service vehicles		
014 Pupil transportation		
015 Other and capital lease	509,059	415,598
	974,859	903,598
72 EIC grants		
011 School construction and equipment	10,401,626	12,606,684
012 Other - special grants for debt repayment		
	10,401,626	12,606,684
73 Donations		
011 Cash receipts		
012 Non-cash receipts		
013 Restricted use	35,481	
74 Sale of capital assets - proceeds		
011 Land and 012 buildings		
013 Equipment		
014 Service vehicles		
015 Pupil transportation vehicles		
016 Other		
75 Other capital revenues		
011 Interest on capital fund investments		
012 Premiums on debentures		
013 Recoveries of expenditures	361,252	347,017
015 Insurance proceeds		
016 Native peoples grants		
017 Miscellaneous		
Gain on sale of capital assets		
Department of Education technology grants		
Cost sharing for technology grants		
	361,252	347,017
78 Transfer from (to) current fund	(8,045,610)	1,627,032
Add: Amortization of capital assets - non cash items	9,701,718	
	1,656,108	1,627,032
	$ 13,429,326	$ 15,484,331

See accompanying notes to financial statements

Eastern School District
Statement of Changes in Capital Fund (Cont'd)

For the Year Ended June 30, 2007	2007	2006
80 Capital disbursements		
81 Additions to capital assets		
011 Land and sites	$ 91,430	
012 Buildings	10,305,942	$ 12,539,227
013 Furniture and equipment - School	837,414	640,045
014 Furniture and equipment - other		
015 Service vehicles	39,735	465,799
016 Pupil transportation		
	11,274,521	13,645,071
82 Principal repayment of long-term debt		
011 School construction		
012 Equipment	848,791	1,249,936
013 Service vehicles		
014 Energy Performance Contract	840,214	566,025
	1,689,005	1,815,961
83 Miscellaneous disbursements		
013 Other (decrease in capital payables)	465,800	23,299
	$ 13,429,326	$ 15,484,331

See accompanying notes to financial statements.

Nature of Operations

The Eastern School District is responsible for the operations and maintenance of all schools in the Eastern portion of the Province of Newfoundland and Labrador. The District was formed August 31, 2004 after the Government of Newfoundland and Labrador dissolved four previous boards known as Vista School District, Burin School District, Avalon West School District, and Avalon East School District.

1. Significant Accounting Policies

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below:

Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds. These financial statements include both the current and capital funds on a combined basis.

Revenue

The District's main source of funding is derived from the Government of Newfoundland and Labrador, Department of Education ("the Department"). The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

Capital Assets

Capital assets assumed by the District on August 31, 2004, as a result of legislation passed pursuant to the Schools Act and the Education Act, are recorded based on the Net Book Values shown on the audited financial statements of the predecessor entities. Deferred costs for the energy retrofit project are amortized on the straight-line basis over a period of seven years.

Beginning July 1, 2006 tangible capital assets will be amortized using the straightline basis over their estimated useful lives, using the following rates:

Buildings	50 years
Furniture and equipment	10 years
Service vehicles	5 years
Buses	12 years
Miscellenoeus	5 years

Teachers' and Student Assistants' Payroll

The Government of Newfoundland and Labrador processes the payrolls and remits the source deductions directly to the appropriate agencies. The amounts recorded in the financial statements represent gross salaries for the year.

1. Significant Accounting Policies (Cont'd)

Pension Costs

All permanent employees of the District are covered by pension plans administered by the Government of Newfoundland and Labrador. Contributions to these plans are required from both the employee and the District. Post retirement obligations to employees are the responsibility of the Government of Newfoundland and Labrador and, as such, the employer contributions for pensions and other retirement benefits are recognized in the accounts on a current basis.

Other Severance Pay Accrual

The District records severance pay liability for employees other than teachers. Employees are entitled to one week of severance pay for each year of service to a maximum of twenty weeks once they reach 9 years of service with the District.

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

2. Change in Accounting Policy

Capital Assets

During the year the District adopted an accounting policy to record amortization of its tangible capital assets in accordance with Public Sector Accounting Board standards. Prior to the current year, no amortization of tangible capital assets was recorded. Note 1 describes in detail the accounting policy adopted.

Beginning July 1, 2006 tangible capital assets will be amortized using the straightline basis over the estimated useful lives of those assets. Opening accumulated amortization has been recorded to reflect the period of useful life that has expired on those assets. The useful life and residual values of each individual category of tangible capital assets has been estimated based on managements best judgement. Opening accumulated amortization and a reduction to investment in capital assets in the amount of $148,440,416 has been recorded.

3. Teachers' Severance Pay Benefits

Pursuant to a directive issued by the Department during fiscal 1998, the District recorded severance pay for teachers in the District. The Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. The District received written approval from the Minister of Education for the deficit arising from the Department's requirement for the teachers' severance.

The net change in the liability for the year ended is as follows:

	2007	2006
Balance, beginning of the year	$ 49,100,384	$ 49,100,268
Net increase, (decrease) for the period	937,583	116
Balance, end of the year	$ 50,037,967	$ 49,100,384

4. Bond Coverage

At balance sheet date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees as follows:

Assistant Director of Finance and Administration and District employees	$ 100,000
Principals, Vice Principals and Staff	$ 100,000

5. Accounts Receivable

	2007	2006
Current		
11 131 Provincial Government	$ 966,113	$ 2,758,687
132 Transportation	257,121	222,802
133 Federal Government		
134 Insurance		
138 Interest		
139 Miscellaneous and travel advances	831,756	931,186
140 Goods and Service Tax Rebate	641,975	375,468
141 Other		
Capital		
11 231 Provincial Gov't -construction grants	5,096	78,329
235 Other		
	$ 2,702,061	$ 4,366,472

6. Teachers' Vacation Pay

Pursuant to a directive issued by the Department during the fiscal year 2006, the District recorded the vacation pay liability for teachers in the District. The liability relates to teachers' salaries earned during the school year but not fully paid to teachers until subsequent to June 30. Although the directive requested that a receivable from the Department for the liability not be recorded. the Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. Accordingly, the District has recorded teachers' vacation pay receivable of $ 28,809,763 at June 30, 2007, (2006 - $ 28,279,293).

7. Bank Indebtedness

The District had an authorized operating demand loan of $4,000,000, bearing interest at Royal Bank prime less 0.65% which was unused as at June 30, 2007 and June 30, 2006. In accordance with the Schools Act 1997, the operating demand loan was supported by a letter of approval to borrow provided by the Minister of Education.

8. Accounts Payable and Accrued Liabilities

Current	2007	2006
21 111 Trade payables	$ 4,093,704	$ 2,158,097
112 Accrued liabilities	846,523	671,074
114 Wages	154,875	140,567
115 Payroll deductions	777,366	551,987
117 Deferred grants	2,236,022	1,529,046
118 Other - Specify		
Vacation pay accrual	1,497,883	1,442,245
Scholarship fund	656,290	141,794
N.I.S.E.P, a related corporation	587,678	462,579
Capital		
21 211 Trade payable		465,799
213 Accrued interest		
217 Deferred Grants	406,856	406,856
	$ 11,257,197	$ 7,970,044

9. Other Employee Benefits

	2007	2006
Pension plan		$ (9,213)
Unused pre-1985 sick leave	$ 459,608	486,951
	$ 459,608	$ 477,738

The District charges operations with the amount of benefits accruing to employees in each year.

The District has recorded the obligation to pay certain employees at the termination of their employment for unused sick leave accumulated prior to January 1, 1985.

10. Investment in Capital Assets

	2007	2006
Investment in capital assets, beginning of the year	$300,031,417	$286,743,926
Add:		
Grants - contributions for capital construction	10,401,626	12,606,685
Proceeds from sale of capital assets		
Gain on sale of capital assets		
Recoveries of expenditures		
Insurance proceeds - capital		
Capital purchases out of revenue	328,346	158,091
Miscellaneous - E.I.T.F.	35,481	
School contributions		
Principal repayment paid with operating grants	1,689,005	1,620,675
	312,485,875	301,129,377
Deduct adjustments:		
Cost of assets disposed		
Building	1,062,548	1,097,960
Pupil transportation vehicles		
Other		
Amortization of capital assets	9,701,718	
Adjustment to carrying value of certain capital assets (Note 2)	148,440,416	
Doubtful Accounts		
	159,204,682	1,097,960
23 221 Investment in capital assets, end of the year	$153,281,193	$300,031,417

11. Obligation Under Capital Leases

The District has entered into a capital lease with Royal Bank of Canada to finance its Energy Performance capital expenditures (EPC). The lease is for $ 5,000,000 for 5 years including a purchase option of $2,750,000 at the end of the term, May 2008. It is management's intention to finance this amount over five years.

During the year the District also entered into capital leases with the Royal Bank of Canada for various equipment. The leases total $ 509,057 for 5 years with a purchase option of $10 at the end of the term.

Future minimum payments under these capital leases is as follows for the year ending in:

	Risographs	EPC	Copiers & Laptops	Total
2008	$ 93,204	$ 565,510	$ 267,343	$ 926,057
2009	93,204		174,644	267,848
2010	93,204		138,416	231,620
2011	54,385		86,232	140,617
2012			86,232	86,232
	333,997	565,510	752,867	1,652,374
Add: Purchase option price		2,750,000		2,750,000
Less: amount representing interest	27,293	124,625	71,115	223,033
	306,704	3,190,885	681,752	4,179,341
Less: current portion	80,470	440,885	240,125	761,480
	$ 226,234	$ 2,750,000	$ 441,627	$ 3,417,861

Interest has been imputed at a rate of 4.20% for the EPC.
Interest has been imputed at a various rates for the other leases.

12. Deferred Costs

A predecessor School Board entered into a sale lease contract with the Royal Bank of Canada for their Energy Performance contract. A gain of $1,868,737 was recorded upon sale of these assets. This gain is amortized over sixty months. During the year $ 373,747 (2006 - $373,747) was recorded as amortization expense in the financial statements.

13. Lease Commitments

The District is committed under the terms of various operating leases to make payments in the next four years approximately as follows:

2008	$ 305,948
2009	$ 140,934
2010	$ 121,246
2011	$ 49,464

14. Financial Instruments

The carrying value of the Districts financial instruments, with the exception of long-term receivables, approximate fair values due to the short-term maturity and normal credit terms of those instruments. The long-term receivables balance does not approximate fair value as it is non-interest bearing.

15. Insurance Subsidy

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

16. Unrealized Gain on Sale of Investments

This represents an unrecognized gain on investments held by a predessor District. This amount is now being recognized as an asset.

17. Contingent Liabilities

Site restoration and remediation costs associated with school properties under the District are charged to operations as incurred. Estimated future site restoration and remediation costs have not been accrued in these financial statements since the obligation, if any, is presently not determinable. Such costs are normally funded by the Province.

The Board has a potential liability for accumulated sick leave to its employees in the amount of $11,449,000. This amount has not been included in the financial statements. The amount is calculated based on Board policy and on an interpretation of the agreement with unionized employees. Any payments to employees for sick leave is expensed in the period such payments are incurred.

18. Comparative Figures

Certain of the 2006 amounts have been reclassified to conform with the financial statement presentation adopted for 2007.

Eastern School District
Schedule 1
Current Revenues

For the Year Ended June 30, 2007	**2007**	**2006**
Current Revenues		
32 010 **Provincial Government Grants**		
011 Regular operating grants	$ 45,829,580	$ 42,010,873
016 Special grants		
French immersion		
Official language monitor		
French language recuperation		
Textbook credit allocation		
Communication technology		
Other		
Salaries and benefits		
017 Directors and assistant directors	1,485,458	1,378,525
021 Regular teachers	238,049,823	232,298,147
Teachers' severance		116
022 Substitute teachers		
Student assistants	6,172,932	6,241,880
030 Pupil transportation		
031 Board owned	3,109,816	2,980,774
032 Contracted	15,176,730	14,616,103
033 Handicapped	2,174,766	2,041,409
	311,999,105	301,567,827
33 010 **Donations**		
012 Cash receipts		
013 Non cash receipts		
014 Restricted use		
34 010 **Ancillary Services**		
011 Revenues from rental of residences		
021 Revenues from rental of Schools and facilities (Net)	63,221	44,132
031 Cafeterias		
032 Other		
	63,221	44,132

Eastern School District
Schedule 1 (Cont'd)
Current Revenues

For the Year Ended June 30, 2007	**2007**	**2006**
35 010 **Miscellaneous**		
011 Interest on investments and bank	$ 483,654	$ 210,151
012 Bus charters		
021 Recoveries of expenditures	333,295	
031 Revenues from other School Districts		
051 Insurance proceeds		
061 Bilingual education revenue		
071 Operating revenue from native peoples grant		
081 Miscellaneous federal grants: Special Projects	46,207	28,415
091 Textbooks	778,095	351,169
092 Other		
Summer and night school fees	(99,738)	(8,475)
Gain on sale of capital assets	48,922	
Technology support initiative		
Sundry	104,296	107,353
093 Grant - MUN		
	1,694,731	688,613
Total Current Revenues	$313,757,057	$302,300,572

Eastern School District
Schedule 2
Administration Expenditures

For the Year Ended June 30, 2007	2007	2006
51 Salaries and benefits		
011 Directors and assistant directors	$ 1,481,012	$ 1,378,525
012 Board office personnel	1,655,151	1,577,524
013 Office supplies	67,939	52,312
014 Replacement furniture and equipment	15,589	7,259
015 Postage	21,694	27,661
016 Telephone	145,639	109,873
017 Office equipment rentals and repairs	39,057	189,476
018 Bank charges	736	2,646
019 Electricity	73,727	75,004
021 Fuel	4,879	5,247
023 Repairs and maintenance (office building)	6,717	4,350
024 Travel	115,528	129,460
025 Board meeting expenses	127,891	123,913
026 Election expenses		74,485
027 Professional fees	156,822	169,131
028 Advertising and public relations	103,273	95,913
029 Membership dues	84,516	63,531
031 Municipal service fees	5,253	4,246
032 Rental of office space	313,259	256,210
Total Administration expenditures	$ 4,418,682	$ 4,346,766

Eastern School District
Schedule 3
Instruction Expenditures

For the Year Ended June 30, 2007	2007	2006
52 010 **Instructional Salaries (Gross)**		
Teachers' salaries		
011 Regular	$191,627,511	$186,622,230
012 Substitute	8,685,467	7,774,098
013 Board paid		
Teachers' severance		116
014 Augmentation		
015 Employee benefits	33,777,422	33,927,919
016 School secretaries - salaries and benefits	4,561,964	4,567,006
017 Payroll tax	4,190,215	4,106,889
018 Other		
Co-operative education		
IT Salaries and benefits	707,721	656,454
Salaries and benefits - program assistants	57,232	61,179
Salaries and benefits - student assistants	6,065,455	6,182,214
	249,672,987	243,898,105
52 040 **Instructional Materials**		
041 General supplies	4,081,762	1,099,421
042 Library resource materials	117,806	115,101
043 Teaching aids	1,383,089	1,267,957
044 Textbooks	812,521	334,716
045 Other - Special and regional services		
	6,395,178	2,817,195
52 060 **Instructional Furniture and Equipment**		
061 Replacement	21,944	45,478
062 Rentals and repairs		
063 Salary and benefits - computer technicians		
	21,944	45,478
50 080 **Instructional Staff Travel**		
080 IT Travel	43,807	49,732
081 Program co-ordinators	316,668	326,274
082 Teachers' travel	79,399	122,166
083 Inservice and conferences	130,809	91,151
	570,683	589,323
52 090 **Other Instructional Costs**		
091 Postage and stationary	25,000	40,007
Total instruction expenditures	$256,685,792	$247,390,108

Eastern School District
Schedule 4
Operations and Maintenance Expenditures - Schools

For the Year Ended June 30, 2007	2007	2006
53		
Salaries		
011 Janitorial	$ 11,928,871	$ 11,513,079
012 Maintenance	1,067,049	940,162
013 Payroll tax	212,136	206,020
014 Electricity	6,576,127	6,728,173
015 Fuel	1,548,762	1,639,062
016 Municipal service fee	646,512	592,018
017 Telephone	1,342,084	1,247,333
018 Vehicle operating and travel	191,316	193,441
019 Janitorial supplies	685,019	651,358
021 Janitorial equipment	41,425	45,561
022 Repairs and maintenance - buildings	3,814,023	3,099,138
023 Equipment maintenance	20,472	9,975
025 Snow clearing	1,322,143	1,181,592
096 Rental of school space		
Total operations and maintenance	$ 29,395,939	$ 28,046,912

Eastern School District
Schedule 5
Pupil Transportation Expenditures

For the Year Ended June 30, 2007	2007	2006
54 010 **Operation and Maintenance of Board Owned Fleet**		
Salaries and Benefits		
011 Administration	$ 105,991	$ 111,832
012 Drivers and Mechanics	1,540,240	1,453,270
013 Payroll Tax	26,622	23,580
014 Debt Repayment- Interest	171,992	134,355
015 Principal	361,253	347,019
017 Gas and oil	409,079	417,675
018 Licenses	31,661	30,588
019 Insurance	50,507	52,887
021 Repairs and Maintenance - Fleet	302,299	246,628
022 Building	20,359	12,854
023 Tires and Tubes	28,617	40,522
024 Heat and Light	10,012	9,039
025 Municipal Service	590	590
026 Snow Clearing	3,451	4,471
027 Office Supplies	14,157	6,187
029 Travel	3,126	5,318
031 Professional Fees	8,347	6,625
032 Miscellaneous	7,010	27,437
033 Telephone	33,406	32,708
	3,128,719	2,963,585
54 040 Contracted Services		
041 Regular transportation	15,082,174	14,561,112
042 Handicapped	2,174,766	2,041,409
047 Salaries	111,111	95,868
Pupil transportation expenditures	$ 20,496,770	$ 19,661,974

Eastern School District
Schedule 6
Ancillary Services and Miscellaneous Expenses

For the Year Ended June 30, 2007	2007	2006

Ancillary Services

The Board operates the following ancillary services:

	2007	2006
55 Ancillary services		
011 Operation of teachers' residences		
031 Cafeterias		
032 Other - environmental education	$ 70,000	$ 131,410
	$ 70,000	$ 131,410

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

	2007	2006
57 011 Bad debt expense	$ 75,356	$ 42,234
Special incentive program		
Other miscellaneous expenditures	13,011	31,613
012 Provision for severance pay		
	$ 88,367	$ 73,847

Eastern School District
Schedule 7
Details of Capital Assets
For the Year Ended June 30, 2007

	Cost June 30, 2006	Additions - net	Cost June 30, 2007	Accumulated Amortization June 30, 2006	Amortization	Accumulated Amortization June 30, 2007	Net Book Value June 30, 2007
12 210 **Land and Sites**	$ 5,023,229	$ 91,430	$ 5,114,659				$ 5,114,659
12 220 **Buildings**							
221 Schools	256,020,094	9,218,787	265,238,881	$ 128,688,718	$ 5,188,504	$ 133,877,222	131,361,659
222 Administration	5,590,942		5,590,942	1,283,184	67,865	1,351,049	4,239,893
223 Residential	10,000		10,000	200	200	400	9,600
224 Recreational							
225 Other	452,854		452,854	384,911	9,057	393,968	58,886
	262,073,890	9,218,787	271,292,677	130,357,013	5,265,626	135,622,639	135,670,038
12 230 **Furniture and Equip.**							
231 Schools	28,090,361	862,013	28,952,374	13,642,379	3,437,560	17,079,939	11,872,435
232 Administration	3,173,731		3,173,731	1,586,866	317,373	1,904,239	1,269,492
233 Residential	850		850	425	85	510	340
234 Recreation							
235 Other	27,648		27,648	13,824	2,765	16,589	11,059
	31,292,590	862,013	32,154,603	15,243,494	3,757,783	19,001,277	13,153,326
12 240 **Vehicles**							
241 Service vehicles	231,504	39,735	271,239	28,938	34,615	63,553	207,686
12 250 **Pupil Transportation**							
251 Land							
252 Building	152,886		152,886	22,212	1,058	23,270	129,616
Vehicles							
253 Buses	5,774,961		5,774,961	2,597,839	451,717	3,049,556	2,725,405
254 Service	59,383		59,383	7,423	7,423	14,846	44,537
255 Equipment							
256 Other							
	5,987,230		5,987,230	2,627,474	460,198	3,087,672	2,899,558
12 260 **Misc. Capital Assets**							
Computers	894,464		894,464	178,893	178,893	357,786	536,678
Tools	18,163		18,163	3,632	3,632	7,264	10,899
Water lines	29,151		29,151	972	971	1,943	27,208
Resource lines							
	941,778		941,778	183,497	183,496	366,993	574,785
Subtotal	305,550,221	10,211,965	315,762,186	148,440,416	9,701,718	158,142,134	157,620,052
Energy retrofit	5,834,303		5,834,303	4,957,227	558,279	5,515,506	318,797
Less:accum amort	(4,957,227)						
Total Capital Assets	$ 306,427,297	$ 10,211,965	$ 321,596,489	$ 153,397,643	$ 10,259,997	$ 163,657,640	$ 157,938,849

Eastern School District
Schedule 8
Details of Long-Term Debt

For the Year Ended June 30, 2007	2007	2006
Ref. #		
211 **Bank Loans**		
Repayable $ 16,814 monthly, maturing 2007	$ 682,267	$ 851,070
Repayable $ 9,443 monthly, maturing 2014	812,113	925,430
Repayable $ 12,475 monthly, maturing 2010	411,211	561,367
Repayable $ 459 monthly, maturing 2006		2,292
Repayable $ 667 monthly, maturing 2009		
Repayable $ 1,000 monthly, maturing 2009		
Repayable $ 4,406 monthly, maturing 2008		
Repayable $ 7,833 monthly, maturing 2009	150,415	236,364
Repayable $ 883 monthly, maturing 2007	15,886	25,886
Repayable $ 833 monthly, maturing 2006		
Total 211	2,071,892	2,602,409
212 **Mortgages**		
Total 212		
213 Debentures		
repayable $ 3,967 monthly, maturing 2005		
repayable $____ monthly, maturing____		
Total 213		
Subtotal	2,071,892	2,602,409
215 Less current maturities	460,356	517,818
Total loans other than pupil transportation	$ 1,611,536	$ 2,084,591

Eastern School District
Schedule 8 (Cont'd)
Details of Long- Term Debt

For the Year Ended June 30, 2007	2007	2006
22 220 Loans - pupil transportation		
Ref. #		
221 **Vehicle bank loans**		
Repayable $ 430 monthly, maturing 2011	$ 20,658	$ 25,811
Repayable $ 4,169 monthly, maturing 2012	245,958	295,984
Repayable $ 2,019 monthly, maturing 2011	111,021	135,243
Repayable $ 5,744 monthly, maturing 2013	463,944	515,975
Repayable $ 4,320 monthly, maturing 2017	446,629	
Repayable $ 3,910 monthly, maturing 2016	375,400	422,325
Repayable $ 4,336 monthly, maturing 2016	419,871	488,798
Repayable $ 1,095 monthly, maturing 2014	91,991	105,133
Repayable $ 1,679 monthly, maturing 2014	147,773	167,924
Repayable $ 1,625 monthly, maturing 2007		13,904
Repayable $ 521 monthly, maturing 2012	26,448	32,700
Repayable $ 521 monthly, maturing 2013	35,962	42,216
Repayable $ 4,393 monthly, maturing 2015	430,516	462,851
Total 221	2,816,171	2,708,864
222 Land, buildings and equipment bank loans		
repayable $____ monthly, maturing ____		
repayable $____ monthly, maturing ____		
repayable $____ monthly, maturing ____		
repayable $____ monthly, maturing ____		
repayable $____ monthly, maturing ____		
Total 222		
223 Less current maturities	366,914	351,612
Total loans - pupil transportation	2,449,257	2,357,252
Total long-term debt	$ 4,060,793	$ 4,441,843

Eastern School District
Schedule 8A
Summary of Long- Term Debt

For the Year Ended June 30, 2007

Description	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School construction					
B) Equipment	7.5%	$ 2,602,409		$ 530,517	$ 2,071,892
C) Service vehicles					
D) Other					
E) Pupil					
Transportation		2,708,864	$ 465,800	358,493	2,816,171
Total Loans		$ 5,311,273	$ 465,800	$ 889,010	$ 4,888,063

Eastern School District
Schedule 8B
Schedule of Current Maturities

For the Year Ended June 30, 2007

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School construction					
B) Equipment	$ 460,356	$ 435,858	$ 341,849	$ 163,843	$ 113,317
C) Service vehicles					
D) Other					
E) Pupil Transportation	366,914	365,921	363,307	366,742	346,118
Total loans	$ 827,270	$ 801,779	$ 705,156	$ 530,585	$ 459,435

Eastern School District
Schedule 8C
Schedule of Interest Expense

Year Ended June 30, 2007	2007	2006
56 010		
Description		
012 **Capital**		
School construction		
Equipment	$ 121,594	$ 175,802
Service vehicles		
Other		
Debt restructuring	34,493	32,190
Energy management - capital lease	144,826	164,210
Total Capital	300,913	372,202
Current		
013 Operating loans		
014 Supplier interest charges		
Total Current		
Total Interest Expense	$ 300,913	$ 372,202

Eastern School District
Supplementary Information

For the Year Ended June 30, 2007	**2007**	**2006**
1. Cash		
Current		
11 110 Cash on Hand and in Bank		
Bank		
112 Current	$ 11,787,187	$ 4,847,695
113 Savings		
114 Teachers' payroll	540,144	368,984
115 Non teachers' payroll		
116 Executive payroll		
117 Other - Funds	2,500	2,500
	12,329,831	5,219,179
Capital		
11 210 Cash on hand and in bank		
211 Cash on hand		
Bank		
212 Current		
213 Savings		
214 Other		
Total cash on hand and in bank	$ 12,329,831	$ 5,219,179
2. Short Term Investments		
Current		
11 121 Term deposits and marketable securities	$ 908,375	$ 155,889
122 Canada savings bonds		
123 Other		
- Canada treasury bills		
- Mutual funds		
- Balance in broker account		
- Guaranteed investment Certificates		
Capital		
11 221 Term deposits		
222 Canada savings bonds		
223 Other		
Total Short-term investments	$ 908,375	$ 155,889

For the Year Ended June 30, 2007	2007	2006
3. Prepaid Expenses		
Current		
11 141 Insurance	$ 17,116	$ 17,165
142 Municipal service fees	175,298	94,910
143 Supplies		34,999
144 Other		
Equipment lease		
Workers' compensation	348,566	306,874
Garbage collection		
Vehicle insurance		
Other	13,831	18,831
Capital		
11 241 Other		
	$ 554,811	$ 472,779

Embalmers and Funeral Directors Board of Newfoundland and Labrador

Financial Statements

December 31, 2007

JACKIE FELTHAM, FCGA
Certified General Accountant
25 Oliver's Pond Road
Portugal Cove - St. Philips, NL, A1M 3M4
Telephone: (709) 895-7770

AUDITOR'S REPORT

To the Board of Directors of:

The Embalmers and Funeral Directors Board of Newfoundland and Labrador

I have audited the balance sheet of The Embalmers and Funeral Directors Board of Newfoundland and Labrador as at December 31, 2007 and the statements of revenue, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Board of Managers. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2007, and the results of its operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Jackie Feltham, FCGA

Portugal Cove – St. Philips, NL
April 1, 2008

EMBALMERS AND FUNERAL DIRECTORS BOARD OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET
December 31, 2007

	2007	2006
ASSETS		
CURRENT		
Cash and cash equivalents (Note 1)	$ 179,504	$ 152,737
Accounts receivable	29,525	35,920
Prepaid expenses	1,416	1,444
	210,445	190,101
	$ 210,445	**$ 190,101**
LIABILITIES		
CURRENT		
Accrued liabilities	$ 2,091	$ 2,052
Deferred revenue (Note 3)	51,595	52,370
	53,686	54,422
MEMBERS' SURPLUS		
SURPLUS	156,759	135,679
	$ 210,445	**$ 190,101**

ON BEHALF OF THE BOARD:

, Board Member

, Board Member

EMBALMERS AND FUNERAL DIRECTORS BOARD OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUE, EXPENSES AND SURPLUS
December 31, 2007

		2007		2006
REVENUE				
Fees	$	51,204	$	39,240
Seminars		-		4,750
Interest		3,975		1,882
	$	**55,179**	**$**	**45,872**
EXPENSES				
Administrator fees	$	7,000	$	7,000
Bank charges		68		54
Board meetings		14,833		21,800
Honorariums		2,400		2,400
Inspections		823		2,983
Insurance		2,015		1,988
Office		4,581		5,171
Professional fees		2,091		3,431
Seminars		-		2,070
Telephone		288		438
	$	**34,099**	**$**	**47,335**
Excess (deficiency) of revenue over expenses	**$**	**21,080**	**$**	**(1,463)**

Surplus, beginning of year	$	135,679	$	137,142
Excess (deciciency) of revenue over expenses		21,080		(1,463)
Surplus, end of year	$	156,759	$	135,679

EMBALMERS AND FUNERAL DIRECTORS BOARD OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
for the year ended December 31, 2007

	2007	2006
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Excess of revenues over expenditures	$ 21,080	$ (1,463)
Adjustments for items not affecting cash:		
Amortization	-	-
Changes in non-cash operating working capital		
Accounts receivable	6,395	(7,798)
Prepaid expenses	28	-
Accrued liabilities	39	(1,488)
Deferred revenue	(775)	12,248
Net (decrease) increase in cash and cash equivalents	26,767	1,499
Cash and cash equivalents, beginning	152,737	151,238
Cash and cash equivalents, end	**$ 179,504**	**$ 152,737**

Cash and cash equivalents consists of:	2006	2005
Cash	$ 73,603	$ 86,113
Term deposits	105,901	66,624
	$ 179,504	$ 152,737

EMBALMERS AND FUNERAL DIRECTORS BOARD OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
December 31, 2007

1. Summary of significant accounting policies

The financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepterd accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balance with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

Balances at December 31,	2007	2006
Cash	$ 73,603	$ 86,113
GIC Investment	105,901	66,624
	$ 179,504	$ 152,737

2. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

3. Deferred revenue

Deferred revenue is calculated as the revenue recorded in October-December of the current year which relates to fees that are collected in and are for the following year.

Deloitte.

Financial Statements of

EVER GREEN ENVIRONMENTAL CORPORATION

March 31, 2008

Deloitte.

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada

Tel: (709) 576-8480
Fax: (709) 576-8460
www.deloitte.ca

Auditors' Report

To the Members of the Board of Directors of
the Health Care Foundation

We have audited the statement of financial position of the Ever Green Environmental Corporation as at March 31, 2008 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Corporation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Corporation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
July 21, 2008

EVER GREEN ENVIRONMENTAL CORPORATION

Statement of Operations and Changes in Net Assets

Year ended March 31, 2008

	2008	2007
	$	$
Revenue (net of cost of goods sold)		
Ever Green Recycling (Schedule 1)	1,500,094	1,214,852
Mill Lane Enterprises (Schedule 2)	9,423	207,311
	1,509,517	1,422,163
Expenditures		
Ever Green Recycling (Schedule 1)	1,707,268	1,204,890
Mill Lane Enterprises (Schedule 2)	6,344	74,080
	1,713,612	1,278,970
Excess of (expenditures over revenue) revenue over expenditures	(204,095)	143,193
Net assets, beginning of year	1,660,620	1,517,427
Net assets, end of year	1,456,525	1,660,620

EVER GREEN ENVIRONMENTAL CORPORATION

Statement of Financial Position

March 31, 2008

	2008	2007
	$	$
Assets		
Current assets		
Cash and cash equivalents (Note 7)	201,347	251,783
Term deposits	393,022	527,311
Accounts receivable	145,685	34,491
Prepaid expense	14,709	7,965
Inventories	13,753	8,967
	768,516	830,517
Capital assets (Note 4)	1,537,457	1,313,434
Intangible assets (Note 5)	13,313	984
	2,319,286	2,144,935
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	405,402	369,906
Deferred revenue	2,061	-
Due to Eastern Regional Health Authority (Note 6)	60,000	110,571
	467,463	480,477
Due to Eastern Regional Health Authority (Note 6)	395,298	-
Deferred capital contributions	-	3,838
	862,761	484,315
Net assets	1,456,525	1,660,620
	2,319,286	2,144,935

Commitments (Note 8)
Subsequent events (Note 10)

Approved on behalf of the Board:

Director

Director

EVER GREEN ENVIRONMENTAL CORPORATION

Statement of Cash Flows

Year ended March 31, 2008

	2008	2007
	$	$
Operating activities		
Excess of (expenditures over revenue) revenue over expenditures	(204,095)	143,193
Adjustments for:		
Amortization of capital assets	102,301	56,397
Amortization of intangible assets	3,697	492
Loss on disposal of capital assets	-	3,312
Amortization of deferred capital contributions	(3,838)	(1,234)
Changes in non-cash operating working capital (Note 7)	(85,167)	171,513
	(187,102)	373,673
Investing activities		
Purchase of capital assets	(326,324)	(1,222,209)
Purchase of intangible assets	(16,026)	-
Decrease in term deposits	134,289	740,789
Proceeds from disposal of capital assets	-	3,698
	(208,061)	(477,722)
Financing activity		
Change is due to Eastern Regional Health Authority	344,727	52,160
Net change in cash and cash equivalents	(50,436)	(51,889)
Cash and cash equivalents, beginning of year	251,783	303,672
Cash and cash equivalents, end of year	201,347	251,783

1. DESCRIPTION OF BUSINESS

Ever Green Environmental Corporation (the "Corporation") is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador. The Health Care Foundation governs the operations of the Corporation.

As a registered charity, the Corporation is exempt from income tax and may issue charitable donation receipts.

2. CHANGE IN ACCOUNTING POLICY

Effective April 1, 2007, the Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") new accounting standards related to "Financial Instruments – Recognition and Measurement" (section 3855), "Financial Instruments – Presentation and Disclosure" (section 3861) and amendments to "Not-for-profit Organizations" (section 4400), which require that certain gains and losses be recorded initially as direct entries to the Statement of Changes in Net Assets for the period, rather than the Statement of Operations for the period.

The new standards lay out how financial instruments are to be recognized depending on their classification. Depending on financial instruments' classification, and whether the financial instruments are restricted, changes in subsequent measurements may be recognized in excess of revenue over expenditures (expenditures over revenue) or in the Statement of Changes in Net Assets.

The Corporation has implemented the following classifications:

> Cash and cash equivalents are classified as "financial assets held for trading" and any adjustments to fair value are reflected in excess of revenue over expenses for each period.
>
> Accounts receivable are classified as "loans and receivables" and subsequent to their initial fair value measurement, they are measured at amortized cost using the effective interest rate method which generally corresponds to cost, due to the short-term nature of the financial asset.
>
> Accounts payable and accrued liabilities are classified as "other liabilities" and subsequent to their initial fair value measurement, they are measured at amortized cost using the effective interest rate method which generally corresponds to cost, due to the short-term nature of the financial liabilities.

2. CHANGE IN ACCOUNTING POLICY (Continued)

These standards have been applied in accordance with transition provisions, and therefore, comparative amounts for prior periods have not been restated. Upon initial application, all adjustments to the carrying amount of financial assets and liabilities have been recognized as an adjustment to the opening balance of unrestricted or externally restricted net assets or accumulated other comprehensive income, depending on the classification of existing assets or liabilities. No adjustment was required at the time of adoption.

3. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Revenue recognition

The following revenue recognition policies have been adopted:

a) Service and product revenue is recognized when all significant contractual obligations are satisfied and collection is reasonably assured.
b) Grant revenue is recognized when related expenditures have been incurred.
c) Revenue from donations is recognized in the accounts of the Corporation in the year in which it is received.
d) Rent revenue is recognized in accordance with the terms of the lease agreement and when collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash floats, deposits with banks, net of overdrafts.

Inventories

Inventories are valued at the lower of cost and net realizable value.

3. ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following rates per annum:

Leasehold improvements	3 years, straight line
Motor vehicles	30%, declining balance
Equipment	20%, declining balance
Computer equipment	30%, declining balance
IT system	10%, declining balance
Building	5%, declining balance

Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line basis over a period of five years.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income at the following rates per annum:

Computer equipment	30%, declining balance

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reporting amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. ACCOUNTING POLICIES (Continued)

Future accounting pronouncements

Financial instruments

In December 2006, the CICA issued Section 3862, Financial Instruments – Disclosures; Section 3863, Financial Instruments – Presentation; and Section 1535, Capital Disclosures. All three Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2007. Accordingly, the Corporation will adopt the new standards for its fiscal year beginning April 1, 2008. Section 3862 on financial instruments disclosures, requires the disclosures of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial instruments establishes standards for presentation of financial instruments and non-financial derivatives. Section 1535 on capital disclosures requires the disclosure of information about an entity's objectives, policies and processes for managing capital.

The Corporation is currently evaluating the impact of the adoption of these new Sections on its financial statements. The Corporation does not expect that the adoption of these new Sections will have a material impact on its financial statements.

4. CAPITAL ASSETS

	2008			2007	
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Net Book Value
	$	**$**	**$**	$	$
Leasehold improvements	**209,652**	**192,708**	**16,944**	189,923	-
Motor vehicles	**112,066**	**60,064**	**52,002**	112,066	74,287
Equipment	**315,516**	**108,135**	**207,381**	157,094	72,052
Computer equipment	**59,662**	**34,160**	**25,502**	59,662	36,434
IT system	**85,396**	**12,619**	**72,777**	65,493	60,516
Building	**948,315**	**35,464**	**912,851**	820,145	820,145
Land	**250,000**	**-**	**250,000**	250,000	250,000
	1,980,607	**443,150**	**1,537,457**	1,654,383	1,313,434

5. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net Book Value	Cost	Net Book Value
	$	$	$	$	$
Trademark	2,460	1,968	492	2,460	984
Patent and tradename	16,026	3,205	12,821	-	-
	18,486	5,173	13,313	2,460	984

6. DUE TO EASTERN REGIONAL HEALTH AUTHORITY

Due to Eastern Regional Health Authority is non-interest bearing and repayable in monthly instalments of $5,000 from April 2008 to March 2010 and $9,444 from April 2010 to February 2013, with the last instalment of $4,460 due on maturity on March 31, 2013.

7. SUPPLEMENTAL CASH FLOW INFORMATION

	2008	2007
	$	$
Change in non-cash operating working capital		
Accounts receivable	(111,194)	10,543
Prepaid expense	(6,744)	(7,965)
Inventories	(4,786)	(923)
Accounts payable and accrued liabilities	35,496	169,858
Deferred revenue	2,061	-
	(85,167)	171,513
Interest received	17,821	34,608

Restricted cash and cash equivalents

Cash and cash equivalents in the amount of $2,252 (2007 - $45,980) is restricted for various programs at the Waterford Hospital.

8. COMMITMENTS

The Corporation has entered into commitments for the lease of space, which will result in the following future expenditures:

	$
2009	102,319
2010	103,552
2011	104,433
2012	33,589
2013	14,063

9. FINANCIAL INSTRUMENTS

The carrying value of the Corporation's financial instruments, with the exception of the amount due to Eastern Regional Health Authority, approximate fair value due to the short-term maturity and normal credit terms of the instruments. The amount due to Eastern Regional Health Authority is non-interest bearing and therefore, does not reflect fair value.

10. SUBSEQUENT EVENTS

On April 10, 2007, the Corporation received approval for a loan in the amount of $230,000 from Atlantic Canada Opportunities Agency. An advance of $45,000 was received against this loan in April, 2008. This loan is non-interest bearing and repayable in monthly installments of $3,833 commencing January 1, 2009 and maturing on December 1, 2013.

The Company is currently in the process of finalizing a mortgage to finance costs associated with ongoing projects. In June 2008 an advance of $262,000 was received against this mortgage, however final approval of the full facility has not yet been received.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.

SCHEDULE 1

EVER GREEN ENVIRONMENTAL CORPORATION
EVER GREEN RECYCLING DIVISION
Schedule of Revenue and Expenditures
Year ended March 31, 2008

	2008	2007
	$	$
Revenue		
Recycling - beverage containers	2,557,420	2,095,012
Cost of goods sold	1,543,205	1,283,283
	1,014,215	811,729
Pilot project	162,086	-
Rent	110,518	92,449
Evergreen donations	57,670	58,141
Recycling - products	43,289	114,262
Recycling - other	42,614	39,797
Grant	38,451	14,682
Other	31,251	76,779
School tender	-	7,013
	1,500,094	1,214,852
Expenditures		
Salaries and benefits	935,072	351,428
Office	270,217	225,679
Business development	113,791	131,215
Amortization of capital assets	102,301	56,397
Pilot project	91,961	-
Property management - new building	83,083	35,044
Recycling - supplies purchased	38,805	97,445
Marketing and communication	24,257	18,567
Amortization of intangible assets	3,697	492
Recycling donation	-	51,632
Loss on disposal of capital assets	-	3,312
	1,663,184	971,211
Excess of revenue over expenditures (expenditures over revenue) before undernoted item	(163,090)	243,641
Grants and subsidies to Eastern Health clients	44,084	233,679
Excess of (expenditures over revenue) revenue over expenditures	(207,174)	9,962

SCHEDULE 2

EVER GREEN ENVIRONMENTAL CORPORATION
MILL LANE ENTERPRISES DIVISION
Schedule of Revenue and Expenditures
Year ended March 31, 2008

	2008	2007
	$	$
Revenue		
Textiles	-	109,810
Woodworking	9,423	94,708
Art	-	2,793
	9,423	207,311
Expenditures		
Textiles	6,344	65,285
Woodworking	-	4,067
Art	-	4,728
	6,344	74,080
Excess of revenue over expenditures	3,079	133,231

GRENFELL FOUNDATION INCORPORATED

AUDITORS REPORT

FINANCIAL STATEMENTS – MARCH 31, 2007

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Directors of **Grenfell Foundation Incorporated**

We have audited the balance sheet of **Grenfell Foundation Incorporated** as at March 31, 2007 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, operations, assets and net assets.

In our opinion, except for the effect of any adjustments, if any, we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2007 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Happy Valley-Goose Bay, NL
June 22, 2007

GRENFELL FOUNDATION INCORPORATED

Balance Sheet

March 31, 2007	2007	2006
Assets		
Current assets:		
Cash - regular	$ 106,942	114,114
- restricted for endowment purposes	778,231	778,231
Receivables	18,422	1,272
	$ 903,595	893,617
Liabilities		
Current liabilities:		
Due to Labrador-Grenfell Regional Health Authority	$ 1,729	62,174
Deferred contributions	4,000	4,000
Total liabilities	5,729	66,174
Net assets, per accompanying statement:		
Net assets restricted for endowment purposes	778,231	778,231
Unrestricted net assets	119,635	49,212
	897,866	827,443
	$ 903,595	893,617

See accompanying notes

Approved: ______________________ **Director**

______________________ **Director**

Subject to the accompanying Auditors' Report

GRENFELL FOUNDATION INCORPORATED

Statement of Changes in Net Assets

Year ended March 31, 2007

	2007			2006
	Restricted for Endowment Purposes	Unrestricted Operating	Total	Total
Balance, beginning	$ 778,231	49,212	827,443	1,112,452
Excess (deficiency) of revenue over expenditure	–	70,423	70,423	(285,009)
Balance, ending	$ 778,231	119,635	897,866	827,443

See accompanying notes

Subject to the accompanying Auditors' Report

GRENFELL FOUNDATION INCORPORATED

Statement of Operations

Year ended March 31, 2007	2007	2006
Revenue:		
Donations	$ 111,309	54,375
Fundraising	13,428	26,029
Interest	54,239	19,415
Miscellaneous	1,888	546
	180,864	100,365
Expenditure:		
Advertising and promotion	607	993
Donations to Labrador-Grenfell Regional Health Authority (Note 3)	77,581	353,671
Heritage night	5,003	7,182
Fundraising	5,792	–
Office	840	2,243
Professional fees	1,732	192
Salaries and wages	18,309	15,807
Supplies	577	3,285
Trade show	–	1,259
Travel	–	742
	110,441	385,374
Excess (deficiency) of revenue and expenditures	$ 70,423	(285,009)

See accompanying notes

GRENFELL FOUNDATION INCORPORATED

Statement of Cash Flow

Year ended March 31, 2007	2007	2006
Cash Flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	$ 70,423	(285,009)
Changes in:		
Receivables	(17,150)	37,382
Due to Authority	(60,445)	26,126
Deferred contributions	–	(400)
Net increase (decrease) in cash	(7,172)	(221,901)
Cash:		
Beginning	892,345	1,114,246
Ending	$ 885,173	892,345

GRENFELL FOUNDATION INCORPORATED

Notes to the Financial Statements

March 31, 2007

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1. **Nature of operations:**

The Foundation is incorporated under the Newfoundland and Labrador Corporation Act and is a not-for-profit organization which raises funds to help the Labrador-Grenfell Regional Health Authority purchase capital equipment.

2. **Significant accounting policy:**

Pledges:

Revenue from pledges is recognized in the year received since donations are recorded on a cash basis.

3. **Donations to Labrador-Grenfell Regional Health Authority for the purchase of capital equipment:**

	2007	2006
Neonatal resuscitaire	$ 29,250	–
Ultrasound probe	15,000	–
Infant flow driver	9,194	–
Pagewriter	8,636	–
Oximax monitor	8,221	–
Lift and slings	4,387	–
Bili light	2,893	–
Cardiac monitoring system	–	158,000
Anesthetic system	–	130,000
Washer/sterilizer	–	37,141
Compact monitor	–	12,092
Infusion pump	–	4,200
Other	–	12,238
	$ 77,581	353,671

4. **Income taxes:**

The foundation is a charitable organization as defined in the Income Tax Act (Canada) and issues charitable receipts for donations received.

GRENFELL FOUNDATION INCORPORATED

AUDITORS REPORT

FINANCIAL STATEMENTS – MARCH 31, 2008

WALTERS HOFFE
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Directors of **Grenfell Foundation Incorporated**

We have audited the balance sheet of **Grenfell Foundation Incorporated** as at March 31, 2008 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, operations, assets and net assets.

In our opinion, except for the effect of any adjustments, if any, we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the previous paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2008 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, NL
June 17, 2008

GRENFELL FOUNDATION INCORPORATED

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Cash - regular	$ 258,294	106,942
- restricted for endowment purposes	778,231	778,231
Receivables	17,268	18,422
	$ 1,053,793	903,595
Liabilities		
Current liabilities:		
Due to Labrador-Grenfell Regional Health Authority	$ 170,032	1,729
Deferred contributions	4,000	4,000
Total liabilities	174,032	5,729
Net assets, per accompanying statement:		
Net assets restricted for endowment purposes	778,231	778,231
Unrestricted net assets	101,530	119,635
	879,761	897,866
	$ 1,053,793	903,595

See accompanying notes

Approved: ________________ **Director**

________________ **Director**

Subject to the accompanying Auditor's Report

GRENFELL FOUNDATION INCORPORATED

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008			2007
	Restricted for Endowment Purposes	Unrestricted Operating	Total	Total
Balance, beginning	$ 778,231	119,635	897,866	827,443
Excess (deficiency) of revenue over expenditure	-	(18,105)	(18,105)	70,423
Balance, ending	$ 778,231	101,530	879,761	897,866

See accompanying notes

Subject to the accompanying Auditor's Report

GRENFELL FOUNDATION INCORPORATED

Statement of Operations

Year ended March 31, 2008

	2008	2007
Revenue:		
Donations	$ 178,893	111,208
Fundraising	26,264	13,546
Interest	33,800	54,239
Miscellaneous	1,333	1,871
	240,290	180,864
Expenditure:		
Advertising and promotion	92	607
Donations to Labrador-Grenfell Regional Health Authority (Note 3)	206,854	77,581
Heritage night	6,172	5,003
Fundraising	8,714	5,792
Office	1,704	840
Professional fees	60	1,732
Salaries and wages	29,066	18,309
Supplies	5,547	577
Travel	186	-
	258,395	110,441
Excess (deficiency) of revenue and expenditures	$(18,105)	70,423

See accompanying notes

Subject to the accompanying Auditor's Report

GRENFELL FOUNDATION INCORPORATED

Statement of Cash Flow

Year ended March 31, 2008	2008	2007
Cash Flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	$(18,105)	70,423
Changes in:		
Receivables	1,154	(17,150)
Due to Authority	168,303	(60,445)
Net increase (decrease) in cash	151,352	(7,172)
Cash:		
Beginning	885,173	892,345
Ending	$ 1,036,525	885,173

GRENFELL FOUNDATION INCORPORATED

Notes to the Financial Statements

March 31, 2008

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1. Nature of operations:

The Foundation is incorporated under the Newfoundland and Labrador Corporation Act and is a not-for-profit organization which raises funds to help the Labrador-Grenfell Regional Health Authority purchase capital equipment.

2. Significant accounting policy:

Pledges:

Revenue from pledges is recognized in the year received since donations are recorded on a cash basis.

3. Donations to Labrador-Grenfell Regional Health Authority for the purchase of capital equipment:

	2008	2007
Ventilators	**$ 58,252**	
Microscope	**40,000**	
EKG Machine	**18,747**	
Fetal Monitor	**28,871**	
Double IV Pump	**4,265**	
Defibrillators	**35,490**	
Palliative Care Bed	**8,837**	
Centrifuge	**3,691**	
Vacuum Mattress	**684**	
Film Processor	**2,353**	
Neonatal Resuscitaire	-	29,250
Ultrasound Probe	-	15,000
Infant flow driver	-	9,194
Pagewriter	-	8,636
Oximax monitor	-	8,221
Lift and slings	**5,664**	4,387
Bili Light	-	2,893
	$ 206,854	77,581

4. Income taxes:

The foundation is a charitable organization as defined in the Income Tax Act (Canada) and issues charitable receipts for donations received.

Deloitte

Financial Statements of

HEALTH CARE FOUNDATION OF ST. JOHN'S INC.

March 31, 2007

Deloitte.

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada
Tel: (709) 576-8480
Fax: (709) 576-8480
www.deloitte.ca

Independent Auditors' Report

To the Board of Directors of
Health Care Foundation of St. John's Inc.

We have audited the statement of financial position of the Health Care Foundation of St. John's Inc. as at March 31, 2007 and the statement of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditures (expenditures over revenue), assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP
Chartered Accountants
June 15, 2007

5. CAPITAL ASSETS

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Computer equipment	23,914	8,935	14,979	13,942

6. SUPPLEMENTAL CASH FLOW INFORMATION

	2007				2006
	Operating Fund	Restricted Fund	Capital Fund	Total	Total
	$	$		$	$
Changes in non-cash operating working capital					
Accounts receivable	(3,062)	-	-	(3,062)	(41)
Prepaids	(9,012)	-	-	(9,012)	-
Payables and accruals	(6)	64	-	58	(1,306)
Due to (from) Operating Fund	(420,227)		-	(420,227)	-
Due to (from) Restricted Fund	-	420,227	-	420,227	-
Due to Eastern Regional Health Authority	(1,110,872)	502,931	(126,197)	(734,138)	(2,965,009)
Accrued vacation pay	7,819	-		7,819	3,736
	(1,535,360)	923,222	(126,197)	(738,335)	(2,962,620)

7. RELATED PARTY TRANSACTIONS

The Foundation operates for the purpose of accumulating funds to help support the various sites of the Eastern Regional Health Authority. Transactions between these related parties are measured at their exchange value.

8. FINANCIAL INSTRUMENTS

The carrying value of the Foundation's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short-term to maturity of these instruments.

3. CONTROL OF NOT-FOR-PROFIT ENTITY

The Foundation controls the Waterford Foundation Inc. The Waterford Foundation Inc. is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador.

On November 1, 2002, the Health Care Foundation of St. John's Inc. assumed the operations of the General Hospital Health Foundation, the St. Clare's Mercy Hospital Foundation and the Capital Campaign Fund. The Waterford Foundation Inc. continues to operate as a separate entity, but reports to the Board of Directors of the Health Care Foundation of St. John's Inc.

Waterford Foundation Inc. has not been consolidated in the Foundation's financial statements; however, separate financial statements are available on request. A financial summary of this non-consolidated entity as at March 31, 2007 and for the year then ended is as follows:

	2007 $	2006 $
Financial Position		
Total assets	**2,144,935**	1,780,958
Total liabilities	**484,315**	263,531
Total net assets	**1,660,620**	1,517,427
	2,144,935	1,780,958
Results of Operations		
Total revenue	**1,422,163**	1,265,187
Total expenditure	**1,278,970**	1,080,122
Excess of revenue over expenditure	**143,193**	185,065
Cash Flows		
Cash from operations	**425,833**	350,600
Cash used in financing and investing activities	**1,218,511**	41,477
Increase (decrease) in cash	**(792,678)**	309,123

Certain of the above comparative figures have been reclassified to conform to the current year's presentation.

4. TRUST FUND

The Trust Fund represented an in-memoriam donation received for special purposes. This fund was invested and will be disbursed for special projects. During fiscal 2007, the Trust Fund balance was transferred to restricted funds along with the other restricted donations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are recorded at cost. Amortization is provided on a declining balance basis at a rate of 20%.

Donated property and equipment

The Foundation records donated property and equipment at fair value.

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for an employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

HEALTH CARE FOUNDATION OF ST. JOHN'S INC.

Notes to Financial Statements

March 31, 2007

1. NATURE OF OPERATIONS

The Health Care Foundation of St. John's Inc. (the "Foundation") raises funds to meet the financial needs of the Eastern Regional Health Authority for capital projects, equipment, programs and research directly related to the health and welfare of the people of Newfoundland and Labrador, while promoting public awareness of these needs.

The Foundation is a registered charity and, while registered, is exempt from income tax and may issue tax-deductible receipts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of presentation

The Operating Fund raises funds to help support the St. Clare's Mercy Hospital, General Hospital – Health Sciences Centre and the Dr. L.A Miller Centre.

The Capital Fund consists of donations received from corporations and individuals, as well as foundations and auxiliaries, with matching funds provided by the Government of Newfoundland and Labrador. This fund was established to assist with the purchase of equipment for various hospital sites of the Eastern Regional Health Authority.

Revenue recognition

The Foundation follows the restricted method of accounting for contributions whereby restricted contributions are recognized as revenue in the years in which the related expenses are incurred.

Unrestricted contributions, excluding donations, are recognized as revenue when received or receivable and when collectibility is reasonably assured.

Revenue from donations, including pledges, is recognized in the accounts of the Foundation in the year in which it is received.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts.

Investments

Investments are recorded at cost plus accrued interest. Gains or losses on disposals of investments are reflected in the accounts in the year of disposal

HEALTH CARE FOUNDATION OF ST. JOHN'S INC.

Statement of Cash Flows

Year ended March 31, 2007

	2007				2006
	Operating Fund $	Restricted Fund $	Capital Fund $	Total $	Total $
OPERATING ACTIVITIES					
Excess of revenue over expenditures (expenditures over revenue)	242,363	105,501	119,791	467,655	(639,788)
Adjustment for non cash items:					
Transfer of funds	(5,356)	-	5,356	-	-
Amortization	4,265	-	-	4,265	3,723
Increase in deferred compensation	1,535	-	-	1,535	1,808
	242,807	105,501	125,147	473,455	(634,257)
Changes in non-cash operating working capital (Note 6)	(1,535,360)	923,222	(126,197)	(738,335)	(2,962,620)
	(1,292,553)	1,028,723	(1,050)	(264,880)	(3,596,877)
FINANCING ACTIVITY					
Decrease in deferred contributions					(5,812,663)
INVESTING ACTIVITIES					
Advances from Eastern Regional Health Authority	-	-	-	-	5,812,663
Purchase of capital assets	(5,302)	-	-	(5,302)	-
Transfer of Trust funds to restricted fund	-	97,393	-	97,393	
Transfer of RN Scholarship to restricted fund	(45,011)	45,011	-	-	45,011
	(50,313)	142,404	-	92,091	5,857,674
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,342,866)	1,171,127	(1,050)	(172,789)	(3,551,866)
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	1,680,727	-	1,050	1,681,777	5,233,643
CASH AND CASH EQUIVALENTS, END OF YEAR	337,861	1,171,127	-	1,508,988	1,681,777

HEALTH CARE FOUNDATION OF ST. JOHN'S INC.

Statement of Financial Position

March 31, 2007

	2007			2006
	Operating Fund	Restricted Fund	Total	Total
	$	$	$	$
ASSETS				
CURRENT				
Cash and cash equivalents	337,861	1,171,127	1,508,988	1,681,777
Accounts receivable	3,103	-	3,103	41
Due from restricted fund	420,227	-	420,227	-
Prepaids	9,012	-	9,012	-
	770,203	1,171,127	1,941,330	1,681,818
TRUST FUND (Note 4)	-	-	-	97,393
CAPITAL ASSETS (Note 5)	14,979	-	14,979	13,942
	785,182	1,171,127	1,956,309	1,793,153
LIABILITIES				
CURRENT				
Payables and accruals	8,420	64	8,484	8,426
Due to Eastern Regional Health Authority	180,604	502,931	683,535	1,417,673
Due to operating fund	-	420,227	420,227	-
Accrued vacation pay	38,732	-	38,732	30,913
	227,756	923,222	1,150,978	1,457,012
DEFERRED COMPENSATION	12,957	-	12,957	11,422
RN SCHOLARSHIP	-	-	-	45,011
TRUST FUND (Note 4)	-	-	-	97,393
	240,713	923,222	1,163,935	1,610,838
NET ASSETS				
Restricted net assets	-	247,905	247,905	(125,147)
Unrestricted net assets	544,469	-	544,469	307,462
	544,469	247,905	792,374	182,315
	785,182	1,171,127	1,956,309	1,793,153

ON BEHALF OF THE BOARD:

Director

Director

HEALTH CARE FOUNDATION OF ST. JOHN'S INC.

Statement of Changes in Net Assets

Year ended March 31, 2007

	2007				2006
	Operating Fund	Restricted Fund	Capital Fund	Total	Total
	$	$	$	$	$
NET ASSETS, BEGINNING OF YEAR	307,462	-	(125,147)	182,315	822,103
Transfer RN Scholarship to restricted fund	-	45,011	-	45,011	-
Transfer trust funds to restricted fund	-	97,393	-	97,393	-
Expenditures over revenues (expenditures over revenue)	242,363	105,501	119,791	467,655	(639,788)
Transfer from operating fund	(5,356)	-	5,356	-	-
NET ASSETS, END OF YEAR	544,469	247,905	-	792,374	182,315

HEALTH CARE FOUNDATION OF ST. JOHN'S INC.
Statement of Operations
Year ended March 31, 2007

	2007				2006
	Operating Fund $	Restricted Fund $	Capital Fund $	Total $	Total $
REVENUE					
Major gifts/Capital Fund	201,291	380,376	116,275	697,942	1,143,499
Annual giving	390,105	37,687	44,848	472,640	414,628
Special events	373,312	-	-	373,312	285,514
Planned giving	6,000	60,303	-	66,303	140,713
Interest	37,090	-	-	37,090	47,845
	1,007,798	478,366	161,123	1,647,287	2,032,199
EXPENDITURE					
Salaries and benefits	379,424	-	14,167	393,591	396,350
Annual giving	132,855	-	-	132,855	95,357
Special events	100,833	-	-	100,833	118,627
Administration	77,398	-	134	77,532	121,657
Planned giving	17,790	-	-	17,790	2,355
Major gifts	14,679	-	-	14,679	17,056
Communications	9,674	-	-	9,674	23,520
Amortization	4,265	-	-	4,265	3,723
Donor stewardship	-	-	-	-	5,855
	736,918	-	14,301	751,219	784,500
EXCESS OF REVENUE OVER EXPENDITURE BEFORE UNDERNOTED ITEMS	270,880	478,366	146,822	896,068	1,247,699
Contributions to Eastern Regional Health Authority					
Capital expenditures	-	300,000	-	300,000	1,693,287
Scholarships and grants	28,517	72,865	27,031	128,413	194,200
	28,517	372,865	27,031	428,413	1,887,487
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	242,363	105,501	119,791	467,655	(639,788)

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2007

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Heritage Foundation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Heritage Foundation of Newfoundland and Labrador as at 31 March 2007 and the statements of revenues, expenses and fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
20 March 2008

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 March	2007	2006
ASSETS		
Current		
Cash	$ 28,378	$ -
Investments (Note 2)	293,462	260,131
Accounts receivable (Note 3)	274,670	162,836
Investment income receivable	5,739	1,188
Prepaid expenses	376	376
	602,625	424,531
Capital assets (Note 4)	-	-
	$ 602,625	$ 424,531
LIABILITIES AND FUND BALANCE		
Current		
Bank overdraft	$ -	$ 2,380
Accounts payable and accrued liabilities	24,582	28,514
	24,582	30,894
Deferred revenue (Note 5)	349,977	181,091
Accrued severance pay	36,080	-
	410,639	211,985
Fund balance (Note 6)	191,986	212,546
	$ 602,625	$ 424,531

See accompanying notes

Signed on behalf of the Foundation: Chairperson Member

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE

For the Year Ended 31 March	2007		2006
	Actual	Budget	Actual
REVENUES			
Government of Canada (Note 7)	$ 276,791	$ -	$ 284,550
Province of Newfoundland and Labrador (Note 5)	336,107	375,000	242,469
Investment income	14,572	8,000	9,478
Miscellaneous	7,990	4,000	7,536
	635,460	387,000	544,033
EXPENSES			
Board travel and meetings	13,381	14,000	9,118
Easement registration	861	900	929
Fisheries Heritage Preservation Initiative - Administration	1,505	20,000	-
Fisheries Heritage Preservation Initiative - Fisheries heritage grants	61,157	50,000	22,744
Heritage grants	74,359	100,000	79,278
Historic places initiative (Note 7)	276,791	-	284,550
Miscellaneous	5,315	5,700	6,543
Newman Wine Vaults project	-	-	21,861
Office supplies	2,502	2,400	1,930
Plaquing	2,183	8,000	4,327
Professional fees	6,975	2,500	4,565
Public relations	655	500	70
Salaries and benefits	205,431	170,856	170,095
Special projects	2,324	5,000	300
Telephone	1,041	1,000	949
Travel	1,540	1,500	1,457
	656,020	382,356	608,716
Excess of expenses over revenues	(20,560)	4,644	(64,683)
Fund balance, beginning of year	212,546	212,546	277,229
Fund balance, end of year	$ 191,986	$ 217,190	$ 212,546

See accompanying notes

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS

For the Year Ended 31 March	2007	2006
Cash flows from operating activities		
Excess of expenses over revenues	$ (20,560)	$ (64,683)
Changes in non-cash working capital		
Accounts receivable	(111,834)	(139,467)
Investment income receivable	(4,551)	(691)
Prepaid expenses	-	(15)
Accounts payable and accrued liabilities	(3,932)	88
	(140,877)	(204,768)
Increase in deferred revenue (Note 5)	168,886	81,006
Increase in accrued severance pay	36,080	-
	64,089	(123,762)
Cash flows from investing activities		
Purchase of capital assets from capital contributions	(17,034)	(25,440)
Cash flows from financing activities		
Contribution from Government of Canada to purchase capital assets (Note 7)	12,337	25,440
Contribution from Province of Newfoundland and Labrador to purchase capital assets	4,697	-
	17,034	25,440
Net increase (decrease) in cash and cash equivalents	64,089	(123,762)
Cash and cash equivalents, beginning of year	257,751	381,513
Cash and cash equivalents, end of year	$ 321,840	$ 257,751
Cash and cash equivalents include:		
Cash (Bank overdraft)	$ 28,378	$ (2,380)
Investments	293,462	260,131
	$ 321,840	$ 257,751

See accompanying notes

Authority

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the *Historic Resources Act*. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

(a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;

(b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and

(c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

1. Significant accounting policies

These financial statements have been prepared by the Foundation's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets consist of systems development and computer equipment which were capitalized at cost at the time of acquisition. Contributions toward the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount over a period of five years from the date of acquisition.

Minor capital asset purchases are charged to operations in the year of acquisition.

(b) Investments

Investments are recorded at cost, which because of their short-term nature approximate market value.

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. Accordingly no provision has been made for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Foundation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.

(d) Investment income

Investment income is recorded as earned.

2. Investments

	2007		2006
	Cost	Market Value	Cost
Short-term investments	$ 293,462	$ 293,462	$ 260,131
	$ 293,462	$ 293,462	$ 260,131

3. Accounts receivable

	2007	2006
Province of Newfoundland and Labrador	$ 256,690	$ 137,490
Harmonized sales tax	17,980	23,973
Other	-	1,373
	$ 274,670	$ 162,836

4. Capital assets

	2007				2006
	Cost	Capital Contributions	Accumulated Amortization	Net Book Value	Net Book Value
Systems development	$ 224,338	$ 224,338	$ -	$ -	$ -
Computer equipment	57,676	57,676	-	-	-
	$ 282,014	$ 282,014	$ -	$ -	$ -

5. Deferred revenue

Deferred revenue as at 31 March 2007 consists of contributions received from the Province of Newfoundland and Labrador to be used for the payment of heritage grants and other heritage projects as directed by the Province. It also consists of contributions received from the Province to undertake a Fisheries Heritage Preservation Initiative focussing on the preservation and conservation of structures and buildings relating to the fisheries heritage of the Province. In addition, it consists of contributions from the Government of Canada to be used in administering the Historic Places Initiative in future periods, as the contributions received in 2007 exceeded eligible expenses. The revenue will be recognized in future periods as eligible expenses are incurred.

5. Deferred revenue (cont.)

	2007	2006
Balance, beginning of year	**$ 181,091**	$ 100,085
Contribution from Province of Newfoundland and Labrador:		
Operating expenses and payment of heritage grants	**300,000**	250,000
Fisheries Heritage Preservation Initiative	**70,303**	50,000
Newman Wine Vaults Project	**-**	23,475
Contribution from Government of Canada:		
Historic Places Initiative	**411,481**	284,550
	781,784	608,025
Less: Contributions recognized in income during year:		
Province of Newfoundland and Labrador:		
Operating expenses and payment of heritage grants	**(273,445)**	(191,250)
Fisheries Heritage Preservation Initiative	**(62,662)**	(27,744)
Newman Wine Vaults Project	**-**	(23,475)
	(336,107)	(242,469)
Government of Canada:		
Historic Places Initiative	**(276,791)**	(284,550)
	(612,898)	(527,019)
Increase during the year	**168,886**	81,006
Balance, end of year	**$ 349,977**	$ 181,091

6. Fund balance

Section 25 of the *Historic Resources Act* requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation.

As at 31 March 2007, $170,760 (2006 - $176,119) of this Fund has been committed in the form of grants approved but not yet disbursed or rescinded. The allocation of the Fund balance between committed and uncommitted funds is:

	2007	2006
Committed funds	**$ 170,760**	$ 176,119
Uncommitted funds	**21,226**	36,427
Fund balance	**$ 191,986**	$ 212,546

6. Fund balance (cont.)

The Foundation adopted a policy with respect to grant commitments requiring that all grants approved will be available for a period of two years from the date of grant approval. Clients not utilizing the grants within this timeframe will forfeit their right to these grants.

7. Government of Canada

On 4 April 2003, the Province entered into a Contribution Agreement with the Government of Canada to fund the Historic Places Initiative. The objectives of the Contribution Agreement are to develop an online Provincial Registry of Historic Places and to develop and implement programs related to promoting and integrating the Historic Places Initiative at the Provincial level in Newfoundland and Labrador.

The Province has appointed the Foundation to administer this Initiative on its behalf. During the year the Foundation recognized revenue relating to this Initiative in the amount of $276,791 (2006 - $284,550). In addition, the Foundation received capital contributions in the amount of $12,337 (2006 - $25,440) relating to this Initiative. This amount was applied towards the acquisition costs of systems development and computer equipment.

8. Operating lease obligation

Office equipment has been leased by the Foundation. Minimum lease payments for the next four years are as follows:

2008	$ 4,197
2009	$ 4,197
2010	$ 4,197
2011	$ 4,197

9. Related party transactions

The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of $1.

10. Financial instruments

The Foundation's financial instruments recognized on the balance sheet consist of cash, investments, accounts receivable, investment income receivable and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Accounts receivable is due primarily from the Government of Canada and Province of Newfoundland and Labrador and therefore there is no credit risk associated with this amount.

11. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Foundation's ability to continue operations is dependent upon the decisions of Government.

12. Income taxes

The Foundation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

14. Severance pay policy

During the year, the Foundation adopted a policy of accruing severance pay for its employees. This policy will result in accrued severance pay being recorded in fiscal years commencing with 2006-07. As the decision to adopt a policy of accruing severance pay represents a condition that did not occur previously, it is being applied prospectively.

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Heritage Foundation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Heritage Foundation of Newfoundland and Labrador as at 31 March 2008 and the statements of revenues, expenses and fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
6 June 2008

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 March	2008	2007
ASSETS		
Current		
Cash	$ 34,211	$ 28,378
Investments (Note 2)	607,956	293,462
Accounts receivable (Note 3)	198,224	274,670
Investment income receivable	13,893	5,739
Prepaid expenses	365	376
	854,649	602,625
Capital assets (Note 4)	-	-
	$ 854,649	$ 602,625
LIABILITIES AND FUND BALANCE		
Current		
Accounts payable and accrued liabilities	$ 44,013	$ 24,582
Deferred revenue (Note 5)	595,471	349,977
Accrued severance pay	40,847	36,080
	680,331	410,639
Fund balance (Note 6)	174,318	191,986
	$ 854,649	$ 602,625

See accompanying notes

Signed on behalf of the Foundation: **Chairperson** **Member**

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR

STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE

For the Year Ended 31 March	2008		2007
	Actual	**Budget**	Actual
REVENUES			
Government of Canada (Note 7)	**$ 246,583**	**$ -**	$ 276,791
Province of Newfoundland and Labrador (Note 5)	**328,640**	**485,000**	336,107
Investment income	**18,523**	**8,000**	14,572
Miscellaneous	**11,208**	**18,000**	7,990
	604,954	**511,000**	635,460
EXPENSES			
Board travel and meetings	**7,964**	**18,000**	13,381
Easement registration	**807**	**-**	861
Fisheries Heritage Preservation Initiative	**55,262**	**75,000**	62,662
Heritage districts	**6,450**	**6,000**	63
Heritage grants	**65,439**	**200,000**	74,359
Historic Places Initiative (Note 7)	**246,583**	**-**	276,791
Intangible Cultural Heritage Initiative	**991**	**-**	-
Miscellaneous	**2,222**	**6,650**	5,252
Office supplies	**3,330**	**2,800**	2,502
Plaquing	**6,316**	**10,000**	2,183
Professional fees	**2,500**	**2,500**	6,975
Public relations	**-**	**750**	655
Salaries and benefits	**221,526**	**170,856**	205,431
Special projects	**662**	**1,000**	2,324
Telephone	**1,170**	**1,100**	1,041
Travel	**1,400**	**2,000**	1,540
	622,622	**496,656**	656,020
Excess of revenues over expenses (expenses over revenues)	**(17,668)**	**14,344**	(20,560)
Fund balance, beginning of year	**191,986**	**191,986**	212,546
Fund balance, end of year	**$ 174,318**	**$ 206,330**	$ 191,986

See accompanying notes

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2008	2007
Cash flows from operating activities		
Excess of expenses over revenues	$ (17,668)	$ (20,560)
Changes in non-cash working capital		
Accounts receivable	76,446	(111,834)
Investment income receivable	(8,154)	(4,551)
Prepaid expenses	11	-
Accounts payable and accrued liabilities	19,431	(3,932)
	70,066	(140,877)
Increase in deferred revenue (Note 5)	245,494	168,886
Increase in accrued severance pay	4,767	36,080
	320,327	64,089
Cash flows from investing activities		
Purchase of capital assets from capital contributions	(30,533)	(17,034)
Cash flows from financing activities		
Contribution from Government of Canada to purchase capital assets (Note 7)	30,533	12,337
Contribution from Province of Newfoundland and Labrador to purchase capital assets	-	4,697
	30,533	17,034
Net increase in cash and cash equivalents	320,327	64,089
Cash and cash equivalents, beginning of year	321,840	257,751
Cash and cash equivalents, end of year	$ 642,167	$ 321,840
Cash and cash equivalents include:		
Cash	$ 34,211	$ 28,378
Investments	607,956	293,462
	$ 642,167	$ 321,840

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2008

Authority

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the *Historic Resources Act*. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

(a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;

(b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures o architectural or historical significance in the Province; and

(c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

1. Significant accounting policies

These financial statements have been prepared by the Foundation's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets consist of systems development and office and computer equipment which were capitalized at cost at the time of acquisition and now have a net book value of $0. Contributions towar the acquisition of capital assets are deducted from the related capital asset cost with any amortizatio calculated on the net amount over a period of five years from the date of acquisition.

Minor capital asset purchases are charged to operations in the year of acquisition.

(b) Investments

Investments are recorded at cost, which because of their short-term nature approximates market value.

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement t severance pay vests with employees after nine years of continuous service. Accordingly no provisio has been made for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Foundation unless the employee transfers to anothe entity in the public service, in which case the liability is transferred with the employee to the othe entity.

(d) Investment income

Investment income is recorded as earned.

2. Investments

	2008		2007
	Cost	Market Value	Cost
Short-term investments	$ 607,956	$ 607,956	$ 293,462

3. Accounts receivable

	2008	2007
Province of Newfoundland and Labrador	$ 163,815	$ 256,690
Harmonized sales tax	34,409	17,980
	$ 198,224	$ 274,670

4. Capital assets

	Cost 31 March 2007	Additions 2008	Cost 31 March 2008	Capital Contributions 31 March 2008	Net Book Value 31 March 2008	Net Book Value 31 March 2007
Systems development	$ 224,338	$ 30,533	$ 254,871	$ 254,871	$ -	$ -
Office and computer equipment	57,676	-	57,676	57,676	-	-
	$ 282,014	$ 30,533	$ 312,547	$ 312,547	$ -	$ -

5. Deferred revenue

Deferred revenue as at 31 March 2008 consists of contributions received from the Province of Newfoundland and Labrador to be used for the payment of heritage grants and other heritage projects as directed by the Province. It also consists of contributions received from the Province to undertake a Fisheries Heritage Preservation Initiative focussing on the preservation and conservation of structures and buildings relating to the fisheries heritage of the Province. In addition, it consists of funds provided during 2007-08 relating to new initiatives (Intangible Cultural Heritage Initiative and Downtown Revitalization Initiative) scheduled to commence in the 2008-09 fiscal period.

5. Deferred revenue (cont.)

	2008	2007
Balance, beginning of year	**$ 349,977**	$ 181,091
Contribution from Province of Newfoundland and Labrador:		
Operating expenses and payment of heritage grants	**400,000**	300,000
Fisheries Heritage Preservation Initiative	**75,000**	70,303
Intangible Cultural Heritage Initiative	**50,000**	-
Downtown Revitalization Initiative	**46,880**	-
Contribution from Government of Canada:		
Historic Places Initiative	**248,837**	411,481
	820,717	781,784
Less: Contributions recognized in income during year:		
Province of Newfoundland and Labrador:		
Operating expenses and payment of heritage grants	**(255,439)**	(273,445)
Fisheries Heritage Preservation Initiative	**(72,210)**	(62,662)
Intangible Cultural Heritage Initiative	**(991)**	-
	(328,640)	(336,107)
Government of Canada:		
Historic Places Initiative	**(246,583)**	(276,791)
	(575,223)	(612,898)
Increase during the year	**245,494**	168,886
Balance, end of year	**$ 595,471**	$ 349,977

6. Fund balance

Section 25 of the *Historic Resources Act* requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation.

As at 31 March 2008, the Foundation had committed $256,224 (2007 - $170,760) in the form of grants approved but not yet disbursed or rescinded. Future disbursements will be recorded as reduction of deferred revenue, with the remainder being charged directly to the Fund.

6. Fund balance (cont.)

The Foundation adopted a policy with respect to grant commitments requiring that all grants approved will be available for a period of two years from the date of grant approval. Clients not utilizing the grants within this timeframe will forfeit their right to these grants.

7. Government of Canada

On 4 April 2003, the Province entered into a Contribution Agreement with the Government of Canada to fund the Historic Places Initiative. The objectives of the Contribution Agreement are to develop an online Provincial Registry of Historic Places and to develop and implement programs related to promoting and integrating the Historic Places Initiative at the Provincial level in Newfoundland and Labrador.

The Province has appointed the Foundation to administer this Initiative on its behalf. During the year the Foundation recognized revenue relating to this Initiative in the amount of $246,583 (2007 - $276,791). In addition, the Foundation received capital contributions in the amount of $30,533 (2007 - $12,337) relating to this Initiative. This amount was applied towards the acquisition costs of systems development and office and computer equipment.

8. Operating lease obligation

Office equipment has been leased by the Foundation. Minimum lease payments for the next three years are as follows:

2009	$ 4,197
2010	$ 4,197
2011	$ 2,099

9. Related party transactions

The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of $1.

10. Financial instruments

The Foundation's financial instruments recognized on the balance sheet consist of cash, investments, accounts receivable, investment income receivable and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Accounts receivable is due primarily from the Government of Canada and Province of Newfoundland and Labrador and therefore there is no credit risk associated with this amount.

11. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Foundation's ability to continue operations is dependent upon the decisions of Government.

12. Income taxes

The Foundation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

HOUSE OF ASSEMBLY
NEWFOUNDLAND AND LABRADOR

FINANCIAL INFORMATION

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Members of the House of Assembly Management Commission
Province of Newfoundland and Labrador

I have audited the schedule of assets and liabilities of the House of Assembly and its statutory offices as at 31 March 2008 and the schedules of expenditure and related revenue, and gross expenditure and unexpended balances for the year then ended. This financial information has been prepared to comply with the requirements of the *House of Assembly Accountability, Integrity and Administration Act (*the *Act).* The financial information is the responsibility of the House of Assembly's management. My responsibility is to express an opinion on this financial information based on my audit. I also audited, in accordance with section 43(6)(b) of the *Act*, the expenses incurred by the House of Assembly and its statutory offices to determine whether they were in accordance with the policies of the House of Assembly Management Commission and, where applicable, the policies of the Executive Branch of Government.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial information presentation.

In my opinion, this financial information presents fairly in all material respects, the assets and liabilities of the House of Assembly and its statutory offices as at 31 March 2008 and the results of its operations for the year then ended in accordance with the accounting policies disclosed in Note 1. Further, in my opinion, the expenses incurred by the House of Assembly and its statutory offices were in accordance with the policies of the House of Assembly Management Commission which were in place during the year and, where applicable, the policies of the Executive Branch of Government.

This financial information, which has not been, and was not intended to be, prepared in accordance with Canadian generally accepted accounting principles, is solely for the information and use of the House of Assembly Management Commission to comply with the *Act*. This information is not intended to be used for any other purpose.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
30 June 2008

HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
SCHEDULE OF ASSETS AND LIABILITIES

31 March		2008
ASSETS		
Cash (Note 2)	$	2,071
Cash held in trust (Note 2)		11,183
Accounts receivable (Note 3)		333,235
Prepaid expenses (Note 4)		33,235
Total assets	$	379,724
LIABILITIES		
Accounts payable	$	13,983
Accrued payroll		366,854
Accrued paid and annual leave		995,145
Accrued overtime		223,701
Accrued severance pay		2,860,160
Trust liability (Note 2)		11,183
Total liabilities	$	4,471,026

Commitments (Note 5)

See accompanying notes

Signed on behalf of the House of Assembly Management Commission:

Chair of the House of Assembly Management Commission

Member of the House of Assembly Management Commission

HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
SCHEDULE OF EXPENDITURE AND RELATED REVENUE
For the Year Ended 31 March 2008

		Estimates	
	Actual	Amended	Original
HOUSE OF ASSEMBLY			
Administrative Support			
Salaries	$ 1,112,563	$ 1,126,000	$ 1,126,000
Employee benefits	2,866	3,000	3,000
Transportation and communications	50,655	55,000	55,000
Supplies	41,685	50,000	50,000
Professional services	488,072	771,000	221,000
Purchased services	549,704	617,000	617,000
Property, furnishings and equipment	71,743	76,100	70,000
	2,317,288	2,698,100	2,142,000
Revenue - Provincial	(68,698)	-	-
Total: Administrative Support	2,248,590	2,698,100	2,142,000
House Operations			
Salaries	520,400	539,000	457,000
Employee benefits	4,379	9,000	9,000
Transportation and communications	115,054	144,500	173,000
Supplies	11,556	21,000	21,000
Purchased services	32,625	48,000	48,000
Property, furnishings and equipment	15,385	21,500	15,000
Total: House Operations	699,399	783,000	723,000
Caucus Operations and Members' Expenses			
Salaries	2,941,498	3,021,100	2,191,300
Transportation and communications	207,595	288,980	290,000
Supplies	35,149	36,300	30,000
Purchased services	178,264	190,000	190,000
Property, furnishings and equipment	29,020	30,900	30,000
Allowances and assistance	5,653,207	7,270,800	5,380,000
Grants and subsidies	36,716	36,720	36,000
	9,081,449	10,874,800	8,147,300
Revenue - Provincial	(301,814)	-	-
Total: Caucus Operations and Members' Expenses	8,779,635	10,874,800	8,147,300

	Actual	Estimates Amended	 Original
HOUSE OF ASSEMBLY (cont.)			
Hansard and the Broadcast Centre			
Salaries	**388,702**	467,800	502,800
Employee benefits	**1,201**	1,500	1,500
Transportation and communications	**88,651**	140,800	469,500
Supplies	**5,869**	6,200	6,200
Purchased services	**14,900**	31,000	31,000
Property, furnishings and equipment	**20,171**	360,700	10,000
Total: Hansard and the Broadcast Centre	**519,494**	1,008,000	1,021,000
Legislative Library			
Salaries	**376,582**	379,600	344,600
Employee benefits	**914**	1,500	1,500
Transportation and communications	**2,959**	5,000	5,000
Supplies	**48,395**	50,000	50,000
Purchased services	**10,878**	11,500	11,500
Property, furnishings and equipment	**2,121**	5,000	5,000
Total: Legislative Library	**441,849**	452,600	417,600
Total: House of Assembly	**12,688,967**	15,816,500	12,450,900
OFFICE OF THE CHIEF ELECTORAL OFFICER			
Salaries	**3,449,420**	4,043,600	3,553,100
Employee benefits	**453**	3,200	3,200
Transportation and communications	**587,362**	742,500	752,700
Supplies	**105,748**	116,500	80,500
Professional services	**88,654**	99,800	99,800
Purchased services	**1,172,897**	1,453,900	1,490,700
Property, furnishings and equipment	**133,576**	167,900	83,800
Grants and subsidies	**443,590**	873,000	873,000
	5,981,700	7,500,400	6,936,800
Revenue - Provincial	**(2,015)**	-	-
Total: Office of the Chief Electoral Officer	**5,979,685**	7,500,400	6,936,800

HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
SCHEDULE OF EXPENDITURE AND RELATED REVENUE
For the Year Ended 31 March 2008

		Estimates	
	Actual	Amended	Original
OFFICE OF THE CITIZENS' REPRESENTATIVE			
Salaries	**365,245**	369,200	369,200
Employee benefits	**185**	2,000	2,000
Transportation and communications	**28,038**	64,200	64,200
Supplies	**2,836**	10,000	10,000
Professional services	**-**	10,000	10,000
Purchased services	**87,437**	106,000	106,000
Property, furnishings and equipment	**4,481**	5,000	5,000
Total: Office of the Citizens' Representative	**488,222**	566,400	566,400
OFFICE OF THE CHILD AND YOUTH ADVOCATE			
Salaries	**490,348**	597,000	597,000
Employee benefits	**2,532**	3,000	3,000
Transportation and communications	**48,854**	98,100	100,000
Supplies	**6,697**	10,000	10,000
Professional services	**13,790**	30,000	30,000
Purchased services	**115,756**	121,400	147,300
Property, furnishings and equipment	**6,864**	6,900	5,000
Total: Office of the Child and Youth Advocate	**684,841**	866,400	892,300
OFFICE OF THE INFORMATION AND PRIVACY COMMISSIONER			
Salaries	**338,617**	340,000	340,000
Employee benefits	**4,931**	5,020	2,200
Transportation and communications	**22,998**	24,280	27,200
Supplies	**4,006**	5,100	7,000
Professional services	**50,402**	50,500	20,000
Purchased services	**33,400**	34,700	37,800
Property, furnishings and equipment	**5,437**	5,500	5,000
Total: Office of the Information and Privacy Commissioner	**459,791**	465,100	439,200
Total: House of Assembly and its Statutory Offices	**$ 20,301,506**	$ 25,214,800	$ 21,285,600

HOUSE OF ASSEMBLY AND ITS STATUTORY OFFICES
PROVINCE OF NEWFOUNDLAND AND LABRADOR
SCHEDULE OF GROSS EXPENDITURE AND UNEXPENDED BALANCES
For the Year Ended 31 March 2008

Original estimates (net)	$ 21,285,600
Transfer from Consolidated Fund Services for severance pay	1,356,900
Original estimates of expenditure	22,642,500
Supplementary supply	2,572,300
Total appropriation	**25,214,800**
Total net expenditure	**20,301,506**
Add revenues	372,527
Total gross expenditure	**20,674,033**
Unexpended balance of appropriation	**$ 4,540,767**

See accompanying notes

Authority, nature of operations and basis of consolidation

The House of Assembly of Newfoundland and Labrador is comprised of 48 Members each of whom has been elected by the voters in the Provincial district which they represent. The House of Assembly in conjunction with the Lieutenant-Governor is known as the Legislature and its main role is to be the official law maker for all Provincial legislation. The Assembly debates draft legislation, estimates etc. and approves legislation or amendments for signature by the Lieutenant-Governor (Royal Assent).

The House of Assembly Service was established by the *House of Assembly Accountability, Integrity and Administration Act*. Its role is to support the House of Assembly, its committees, the House of Assembly Management Commission and the members of the House. It includes the Office of the Speaker, the Office of the Clerk, the Corporate and Member Services Division, and the Information Management Division. The Clerk is the chief administrative officer of the House of Assembly responsible for the operations of the House of Assembly Service and the administration of the statutory offices of the House.

This financial information reflects the financial operations of the House of Assembly Service (Administrative Support, House Operations, Caucus Operations and Members' Expenses, Hansard and the Broadcast Centre and the Legislative Library) as well the financial operations of the statutory offices (Office of the Chief Electoral Officer, Office of the Citizens' Representative, Office of the Child and Youth Advocate, and Office of the Information and Privacy Commissioner). For purposes of this financial information the consolidated entity is referred to as the House of Assembly and its Statutory Offices. This financial information does not include the financial information of the Office of the Auditor General, which is another statutory office of the House of Assembly. The financial information of the Office of the Auditor General is audited by an independent firm of public accountants and presented under separate cover.

1. Summary of significant accounting policies

This financial information has been prepared in accordance with the *House of Assembly Accountability, Integrity and Administration Act* and the accounting policies set out below.

(a) Basis of accounting

The Schedule of Assets and Liabilities has been prepared on the accrual basis of accounting. The Schedule of Expenditure and Related Revenue and the Schedule of Gross Expenditure and Unexpended Balances have been prepared on the modified cash basis of accounting. (This is the same basis of accounting used by the Office of the Comptroller General in preparing its Report on the Program Expenditures and Revenues of the Consolidated Revenue Fund and the same basis used in preparing the budgeted appropriations and revenues as per the Estimates presented in the House of Assembly.) In addition to the actual expenditure and related revenue for the year, for information purposes, the Schedule of Expenditure and Related Revenue includes the original and amended estimates for the House of Assembly and its Statutory Offices.

1. Summary of significant accounting policies (cont.)

(b) Assets

Assets and liabilities are recorded on a basis consistent with the policies used in preparing the Consolidated Revenue Fund financial statements of the Province of Newfoundland and Labrador. Direct liabilities and convertible assets such as amounts receivable are reported on the Schedule of Assets and Liabilities on an accrual basis.

(c) Capital assets

Capital asset acquisitions do not meet the Province's thresholds for capitalization. As such these assets are charged as budgetary expenditures and are expensed in the year of acquisition on the Schedule of Expenditure and Related Revenue. Capital assets are not reported on the Schedule of Assets and Liabilities.

(d) Revenue recognition

Revenue is reported on the modified cash basis on the Schedule of Expenditure and Related Revenue.

(e) Operating expenditures

Operating expenditures are reported on the modified cash basis on the Schedule of Expenditure and Related Revenue.

(f) Severance pay

The liability for severance pay is reported on the accrual basis of accounting on the Schedule of Assets and Liabilities and is calculated based on years of service and current salary levels.

Members of the House of Assembly are eligible for severance pay when they cease to be Members. Severance pay for Members is based on one month's current basic indemnity for each year of service and is prorated for part of the year's service. Minimum severance for Members is three months pay, while maximum is twelve months pay.

Severance pay for political support staff is based on the nature of the termination of employment. Entitlement to severance pay vests with one year or more of uninterrupted service, and accordingly, no provision has been made in this financial information for severance pay for political support staff with less than one year of uninterrupted service. Political support staff, who have their employment terminated, are entitled to severance pay equal to one month's salary for each year of service. Minimum severance is three months pay, while maximum is twelve months pay. Political support staff, who voluntarily resign their positions, are entitled to one week's pay for each year of service up to a maximum of twenty weeks.

1. Summary of significant accounting policies (cont.)

(f) Severance pay (cont.)

Severance pay vests with other employees after nine years of uninterrupted service, and accordingly no provision has been made in this financial information for employees who have less than nine years of uninterrupted service with the Province. Severance pay, at the rate of one week's pay for each year of service up to a maximum of twenty weeks pay, is payable when the employee ceases employment with the Province.

(g) Long-term lease

Information relating to the long-term lease of office equipment is presented in this financial information in Note 5 Commitments. No capital lease obligation has been recorded in this financial information because the related assets do not meet the Province's threshold for capitalization.

(h) Employee future benefits

Under Section 32 of the *House of Assembly Accountability, Integrity and Administration Act* employee benefits which apply to employees of the public service apply to employees of the House of Assembly and its Statutory Offices. No provision for pension or other post employment future benefit expenditures has been recorded in this financial information.

2. Cash

The $2,071 in cash is comprised of the cash on hand in the ten petty cash funds held by employees of the House of Assembly and its Statutory Offices.

The $11,183 in cash held in Trust is held by the Office of the Chief Electoral Officer. There is a corresponding liability for this amount. These monies were deposited by candidates in the 2007 Provincial General Election from funds provided to the candidates in support of their respective election campaigns. Excess funds that exceed the campaign limits per the *Elections Act* are held in trust until the next Provincial general election.

Candidates' nomination fees of $200 per candidate are held until candidates file papers to have these fees reimbursed.

3. Accounts receivable

Accounts receivable include the following:

Accounts receivable from Members or former Members of the House of Assembly:

Accounts receivable - Excess Constituency Allowances	$ 938,609
Less: allowance for doubtful accounts	661,640
	276,969

3. Accounts receivable (cont.)

Accounts receivable - Double billings and other amounts	128,400
Less: allowance for doubtful accounts	77,501
	50,899
	327,868
Accounts receivable from employees	5,367
Total accounts receivable	$ 333,235

The accounts receivable for the Excess Constituency Allowances and the related Allowance for Doubtful Accounts were provided by the Office of the Comptroller General (OCG). These amounts are based on the findings of the law firm and accounting firm engaged by the OCG to finalize the amount of debt and prepare any necessary Statements of Claim.

4. Prepaid expenses

Prepaid expenses include the following:

Subscriptions	$ 23,136
Rental space	5,005
Membership fees	3,960
Miscellaneous items	1,134
Total prepaid expenses	$ 33,235

5. Commitments

The House of Assembly and its Statutory Offices have outstanding commitments totalling $3,262,589. These relate to the lease of office equipment ($519,000), maintenance agreements ($93,000) and office accommodations ($2,650,589). The schedule of payments related to these leases for the next five years is as follows:

Year	
2009	$ 974,694 (includes $519,000 lease of office equipment)
2010	360,692
2011	350,682
2012	328,010
2013	257,992

6. Income taxes

The House of Assembly and its Statutory Offices are not subject to Provincial or Federal income taxes.

Deloitte

Financial Statements of

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

March 31, 2007

Deloitte

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Canada

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Auditors' Report

To the Directors of
Janeway Children's Hospital Foundation

We have audited the statement of financial position of the Janeway Children's Hospital Foundation as at March 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 14, 2007

Member of
Deloitte Touche Tohmatsu

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Statement of Operations

Year ended March 31

	General Fund $	In-Memoriam Fund $	Endowment Fund $	2007 $	2006 $
REVENUE					
Miracle Network Telethon projects and donations	2,019,606	-	-	2,019,606	1,666,298
Donations restricted	424,030	-	-	424,030	801,907
Interest	120,248	-	28,589	148,837	75,818
Christmas Appeal donations	147,971	-	-	147,971	106,108
Golf	132,586	-	-	132,586	138,406
Bequests and in-memoriam donations	1,301	26,953	82,897	111,151	94,451
Radiothon	47,692	-	-	47,692	50,929
Jeans Day	23,309	-	-	23,309	29,741
Atlantic Fundraising Association	18,000	-	-	18,000	11,400
Other funding	8,491	-	-	8,491	7,015
Teddy Bear Bash	-	-	-	-	10,590
	2,943,234	26,953	111,486	3,081,673	2,992,663
EXPENDITURE					
Miracle Network Telethon (Page 10)	453,667	-	-	453,667	399,079
Salaries and benefits	145,228	-	-	145,228	113,395
Planned giving	34,073	20,240	-	54,313	52,409
Christmas Appeal (Page 11)	43,190	-	-	43,190	46,749
Golf	39,622	-	-	39,622	40,760
Radiothon	31,510	-	-	31,510	27,962
General administration	25,024	-	-	25,024	28,210
Depreciation	13,486	-	-	13,486	15,903
Public relations and advertising	10,747	-	-	10,747	4,963
Maintenance contract	10,395	-	-	10,395	9,514
Jeans Day	7,355	-	-	7,355	6,825
Travel and conferences	3,180	-	-	3,180	2,138
Professional fees	-	-	-	-	875
Teddy Bear Bash	-	-	-	-	733
	817,477	20,240	-	837,717	749,515
EXCESS OF REVENUE OVER EXPENDITURE	2,125,757	6,713	111,486	2,243,956	2,243,148
DONATIONS (Note 5)					
Eastern Regional Health Authority	1,159,723	-	-	1,159,723	1,015,118
Other health care	248,464	-	-	248,464	72,451
Other	73,095	-	-	73,095	409,407
	1,481,282	-	-	1,481,282	1,496,976
EXCESS OF REVENUE OVER EXPENDITURE	644,475	6,713	111,486	762,674	746,172

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Statement of Financial Position
March 31

	General Fund $	In-Memoriam Fund $	Endowment Fund $	2007 $	2006 $
ASSETS					
CURRENT					
Cash and cash equivalents	276,701	91,182	85,410	453,293	324,589
Receivables	8,767	-	6,857	15,624	12,606
Prepaid expenses	84,087	-	-	84,087	89,730
	369,555	91,182	92,267	553,004	426,925
INVESTMENTS (Note 3)	2,024,000	-	693,711	2,717,711	2,681,506
CAPITAL ASSETS (Note 4)	7,679	-	-	7,679	21,165
	2,401,234	91,182	785,978	3,278,394	3,129,596
LIABILITIES					
CURRENT					
Payables and accruals	29,584	-	-	29,584	57,190
Due to Eastern Regional Health Authority	285,445	-	7,129	292,574	896,117
Deferred contributions	49,543	-	-	49,543	41,743
	364,572	-	7,129	371,701	995,050
Accrued severance pay	25,765	-	-	25,765	16,292
	390,337	-	7,129	397,466	1,011,342
NET ASSETS					
Net assets invested in capital assets	7,679	-	-	7,679	21,165
Unrestricted net assets	1,953,218	-	-	1,953,218	1,295,257
Restricted net assets	50,000	91,182	778,849	920,031	801,832
	2,010,897	91,182	778,849	2,880,928	2,118,254
	2,401,234	91,182	785,978	3,278,394	3,129,596

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JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31

	General Fund $	In-Memoriam Fund $	Endowment Fund $	2007 $	2006 $
OPERATING ACTIVITIES					
Excess of revenue over expenditure	644,475	6,713	111,486	762,674	746,172
Depreciation	13,486	-	-	13,486	15,903
Increase in severance pay accrual	9,473	-	-	9,473	1,802
Change in non-cash operating working capital (Note 6)	(620,809)	-	85	(620,724)	287,616
	46,625	6,713	111,571	164,909	1,051,493
INVESTING ACTIVITY					
Increase in investments	(10,044)	-	(26,161)	(36,205)	(2,159,749)
	(10,044)	-	(26,161)	(36,205)	(2,159,749)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,581	6,713	85,410	128,704	(1,108,256)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	240,120	84,469	-	324,589	1,432,845
CASH AND CASH EQUIVALENTS, END OF YEAR	276,701	91,182	85,410	453,293	324,589
REPRESENTED BY					
Bank balances	276,301	91,182	85,410	452,893	324,189
Cash on hand	400	-	-	400	400
	276,701	91,182	85,410	453,293	324,589

1. NATURE OF OPERATIONS

The Janeway Children's Hospital Foundation is a registered charitable organization created to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research directly related to the health and welfare of Newfoundland and Labrador children, while promoting public awareness of these needs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of presentation

The Foundation applies the restricted fund method of accounting for contributions:

The General Fund contains all of the operating assets, liabilities, revenue and expenditure of the Foundation related to the organization's mandate to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research.

The In-Memoriam Fund represents donations received from donors for a designated purpose. These donations are held in bank accounts until disbursed for specific projects.

The Endowment Fund represents donations received from donors specifically for the Little Red Wagon Endowment Fund along with any bequests and in-memoriam donation that have not been designated for a specific purpose. These donations will be disbursed based on recommendations from the Board.

Revenue recognition

Revenue from donations is recognized in the accounts of the Foundation in the year in which it is received. Contributions received for expenditures of a future period are deferred and recognized as revenue when the expenditure is incurred. All other revenues are recognized as earned and when collectibility is reasonably assured.

In-kind contributions are recorded when fair value is determinable.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments with maturities of three months or less.

Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over five years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Vacation pay and other benefits

Vacation pay and other benefits are recorded in the accounts of the Foundation on the accrual basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan (the "Plans") administered by the Government of Newfoundland and Labrador. Contributions to the Plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

3. INVESTMENTS

	2007 $	2006 $
Guaranteed investment certificate, due March 29, 2008, bearing interest at 4.05%	2,024,000	-
Guaranteed investment certificate, due April 2, 2007, bearing interest at 4.10%	693,711	-
Guaranteed investment certificate, due April 24, 2006, bearing interest at 3.41%	-	2,013,956
Guaranteed investment certificate, due April 3, 2006, bearing interest at 3.26%	-	667,550
	2,717,711	2,681,506

4. CAPITAL ASSETS

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	$	$	$	$
Equipment	138,849	131,170	7,679	21,165

5. DONATIONS

	2007	2006
	$	$
Eastern Regional Health Authority		
Janeway Children's Health and Rehabilitation Centre	897,223	876,164
Janeway Research	260,000	138,954
Equipment - receipt in kind	2,500	-
	1,159,723	1,015.118
Other health care		
Research Grants	200,000	5.750
Grenfell Foundation	18.465	-
Discovery Health Care Foundation	13,755	4.899
South and Central Health Foundation	8,656	-
Central Northwest Health Foundation	3,922	1,238
Western Health Care Corporation	3,666	-
Health Labrador Corporation	-	50,033
Trinity Conception Placentia	-	10,531
	248,464	72,451
Other		
Maple Leaf Garden	25,583	302,774
Bursaries/fellowships	15,000	-
Haemophilia program	11,533	39,434
Rainbow Riders program	7,500	7,500
Environmental Grant - receipt in kind	5,134	-
Child Abuse	3,967	3,698
Asthma program	3,613	6.001
Memorial University	765	50,000
	73,095	409,407
	1,481,282	1,496,976

6. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash operating working capital

	2007 $	2006 $
Receivables	**(3,018)**	(12,606)
Prepaid expenses	**5,643**	(48,003)
Payables and accruals	**(27,606)**	40,679
Due to Eastern Regional Health Authority	**(603,543)**	570,472
Deferred contributions	**7,800**	(262,926)
	(620,724)	287,616

7. INCOME TAX STATUS

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

8. RELATED PARTY TRANSACTIONS

The Foundation operates for the purpose of accumulating funds to assist the Janeway Children's Health and Rehabilitation Centre (Eastern Regional Health Authority) with the purchase of medical equipment used in the provision of patient care for children. Transactions between these related parties are measured at their exchange value.

9. COMMITMENTS

During the year the Foundation committed to disburse $1,330,000 (2006 - $2,006,305) to the Eastern Regional Health Authority to benefit the Janeway Children's Health and Rehabilitation Centre. During the year $1,159,723 (2006 - $1,015,118) of committed funds were disbursed. The outstanding commitments from the current and prior years of approximately $2,982,142 relating to capital equipment and research will be disbursed in future fiscal years of the Foundation.

10. FINANCIAL INSTRUMENTS

The carrying value of the Foundation's financial instruments approximates fair value due to the short term to maturity and normal credit terms of those instruments.

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Schedule of Miracle Network Telethon Expenses

Year ended March 31

	2007 $	2006 $
Advertising	8,052	8,741
Affiliation fees	21,587	22,139
Broadcasting costs	113,885	109,707
Donor recognition	-	475
General administration	26,389	14,496
Merchandise	55,604	39,008
Office and supplies	2,713	2,132
Postage	17,105	14,991
Printing	9,475	15,561
Professional fees	9,989	275
Salaries and benefits	164,854	166,564
Telephone	13,484	(529)
Travel and conferences	10,530	5,519
	453,667	399,079

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Schedule of Christmas Appeal Expenses

Year ended March 31

	2007 $	2006 $
Contractual services	**13,140**	8,783
Office and miscellaneous	**856**	-
Postage	**11,646**	12,560
Printing	**1,848**	5,568
Salaries and benefits	**15,700**	19,838
	43,190	46,749

GrantThorton

Financial Statements

Janeway Children's Hospital Foundation

March 31, 2008

Grant Thornton

Auditors' report

Grant Thornton LLP
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To the Directors of the Janeway Children's Hospital Foundation

We have audited the statement of financial position of the Janeway Children's Hospital Foundation at March 31, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation as we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for the year ended March 31, 2007 were audited by another firm of chartered accountants.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 6, 2008

Chartered Accountants

Janeway Children's Hospital Foundation
Statement of Operations
Year Ended March 31

	General Fund	In Memoriam Fund	Endowment Fund	2008	2007
Revenue					
Miracle Network Telethon projects and donations	$ 2,173,473			$ 2,173,473	$ 2,019,606
Bequests and in-memoriam donations	1,306	$ 22,590	$ 140,191	164,087	111,151
Donations restricted	60,963	-	-	60,963	424,030
Golf	130,247	-	-	130,247	132,586
Christmas appeal donations	119,395	-	-	119,395	147,971
Interest	158,019	-	32,278	190,297	148,837
Radiothon	48,099	-	-	48,099	47,692
Jeans Day	24,577	-	-	24,577	23,309
Atlantic Fundraising Association	10,800	-	-	10,800	18,000
Other funding	17,715	-	-	17,715	8,491
	2,744,594	22,590	172,469	2,939,653	3,081,673
Expenditure					
Miracle Network Telethon (Page 14)	473,740	-	-	473,740	453,667
Salaries and benefits	138,534	-	-	138,534	145,228
Planned giving	36,439	12,502	-	48,941	54,313
Christmas Appeal (Page 15)	58,999	-	-	58,999	43,190
Golf	42,947	-	-	42,947	39,622
Radiothon	20,427	-	-	20,427	31,510
General administration	16,110	-	-	16,110	25,024
Depreciation	6,630	-	-	6,630	13,486
Public relations and advertising	4,639	-	-	4,639	10,747
Maintenance contract	11,096	-	-	11,096	10,395
Jeans Day	8,402	-	-	8,402	7,355
Travel and conferences	4,321	-	-	4,321	3,180
Professional services	4,811	-	-	4,811	-
	827,095	12,502	-	839,597	837,717

See accompanying notes to the financial statements.

Janeway Children's Hospital Foundation

Statement of Operations

Year Ended March 31

	General Fund	In Memoriam Fund	Endowment Fund	2008	2007
Excess of revenue over expenditure	1,917,499	10,088	172,469	2,100,056	2,243,956
Donations (Note 5)					
Eastern Regional Health Authority	1,535,705	-	-	1,535,705	1,159,723
Other health care	-	-	-	-	248,464
Other	187,372	-	-	187,372	73,095
	1,723,077	-	-	1,723,077	1,481,282
Excess of revenue over expenditure	$ 194,422	$ 10,088	$ 172,469	$ 376,979	$ 762,674

See accompanying notes to the financial statements.

Janeway Children's Hospital Foundation

Statement of Changes in Net Assets

Year Ended March 31

	General Fund	In Memoriam Fund	Endowment Fund	2008	2007
Net assets, beginning of year	$ 2,010,897	$ 91,182	$ 778,849	$ 2,880,928	$ 2,118,254
Excess of revenue over expenditure	194,422	10,088	172,469	376,979	762,674
Net assets, end of year	$ 2,205,319	$ 101,270	$ 951,318	$ 3,257,907	$ 2,880,928

See accompanying notes to the financial statements.

Janeway Children's Hospital Foundation
Statement of Financial Position
Year Ended March 31

	General Fund	In Memoriam Fund	Endowment Fund	2008	2007
Assets					
Current					
Cash and cash equivalents	$ 143,801	$ 101,270	$ 15,787	$ 260,858	$ 453,293
Receivables	10,988	-	6,763	17,751	15,624
Prepaids	83,584	-	-	83,584	84,087
	238,373	101,270	22,550	362,193	553,004
Investments (Note 3)	2,564,911	-	928,768	3,493,679	2,717,711
Capital assets (Note 4)	1,049	-	-	1,049	7,679
	$ 2,804,333	$ 101,270	$ 951,318	$ 3,856,921	$ 3,278,394
Liabilities and Equity					
Current					
Payables and accruals	$ 47,154			$ 47,154	$ 29,584
Due to Eastern Regional Health Authority	491,009			491,009	292,574
Deferred contributions	32,047	$ -	$ -	32,047	49,543
	570,210	-	-	570,210	371,701
Accrued severance pay	28,804	-	-	28,804	25,765
	599,014	-		599,014	397,466
Net Assets					
Net assets invested in capital assets	1,049	-	-	1,049	7,679
Unrestricted net assets	2,184,649	101,270	-	2,285,919	1,953,218
Restricted net assets	19,621	-	951,318	970,939	920,031
	2,205,319	101,270	951,318	3,257,907	2,880,928
	$ 2,804,333	$ 101,270	$ 951,318	$ 3,856,921	$ 3,278,394

Commitments (Note 9)

On behalf of the Board

Director Director

See accompanying notes to the financial statements.

Janeway Children's Hospital Foundation

Statement of Cash Flows

Year Ended March 31

	General Fund	In Memoriam Fund	Endowment Fund	2008	2007
Increase (decrease) in cash and cash equivalents					
Operating					
Excess of revenue over expenditure	$ 194,422	$ 10,088	$ 172,469	$ 376,979	$ 762,674
Depreciation	6,630	-	-	6,630	13,486
Increase in severance pay accrual	3,039	-	-	3,039	9,473
Change in non-cash operating working capital (Note 6)	203,920	-	(7,034)	196,886	(620,724)
	408,011	10,088	165,435	583,534	164,909
Investing					
Increase in investments	(540,911)	-	(235,058)	(775,969)	(36,205)
Net (decrease) increase in cash and cash equivalents	(132,900)	10,088	(69,623)	(192,435)	128,704
Cash and cash equivalents					
Beginning of year	276,701	91,182	85,410	453,293	324,589
End of year	$ 143,801	$ 101,270	$ 15,787	$ 260,858	$ 453,293

See accompanying notes to the financial statements.

Janeway Children's Hospital Foundation

Notes to the Financial Statements

March 31, 2008

1. Nature of operations

The Janeway Children's Hospital Foundation is a registered charitable organization created to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research directly related to the health and welfare of Newfoundland and Labrador children while promoting public awareness of these needs.

2. Significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Fund accounting

The Foundation applies the restricted fund method of accounting for contributions.

The General Fund contains all of the operating assets, liabilities, revenue and expenditures of the Foundation related to the organization's mandate to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitations Centre for capital projects, equipment, programs and research.

The In-Memoriam Fund represents donations received from donors for a designated purpose. These donations are held in bank accounts until disbursed for specific projects.

The Endowment Fund represents donations received from donors specifically for the Little Red Wagon Endowment Fund along with any bequests and in-memoriam donations that have not been designed for a specific purpose. These donations will be disbursed based on recommendations from the Board.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

2. Summary of significant accounting policies (cont'd.)

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on the same basis and using the same rates as the depreciation expense related to the capital assets purchased. Capital contributions for capital assets that are not depreciated are recorded as direct increases in net assets.

Revenue recognition

Revenue from donations is recognized in the accounts of the Foundation in the year in which it is received. Contributions received for expenditures of a future period are deferred and recognized as revenue when the expenditure is incurred. All other revenues are recognized as earned and collectibility is reasonably assured.

In-kind contributions are recorded when fair value is determinable.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments with maturities of three months or less.

Capital assets

Capital assets are recorded at cost and amortized on a straight-line basis over five years.

Vacation pay and other benefits

Vacation pay and other benefits are recorded in the accounts of the Foundation on the accrual basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

2. Summary of significant accounting policies (cont'd.)

Pension costs

Employees of the Foundation are included in the Public Services Pension Plan and the Government Money Purchase Plan (the "Plans") administered by the Government of Newfoundland and Labrador. Contributions to the Plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

Accounting standards and policies adopted during the year

(i) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants ("CICA") issued section 1506 of the CICA Handbook, "Accounting Changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007 and are applicable for the Foundation's year ended March 31, 2008.

(ii) Financial instruments

On April 1, 2007, the Foundation implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement" and 3861, "Financial Instruments - Disclosure and Presentation". These standards have been applied without restatement of prior years. The transitional adjustments resulting from these standards are recognized in the opening balances of retained earnings.

Section 3855, "Financial Instruments - Recognition and Measurement", requires the Foundation to revalue all of its financial assets and liabilities at fair value on the initial date of implementation and at each subsequent financial reporting date.

This standard also requires the Foundation to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in the excess of revenue over expenses; b) held to maturity - recorded at amortized cost with gains and losses recognized in the excess of revenue over expenses in the year that the asset is no longer recognized or impaired; c) available for sale - measured at fair value with changes in fair value recognized in net assets; and d) receivables - recorded at amortized cost with gains and losses recognized in the excess of revenue over expenses in the year that the asset is no longer recognized or impaired.

2. Summary of significant accounting policies (cont'd.)

Classification choices for financial liabilities include: a) held for trading – measured at fair value with changes in fair value recorded in net earnings and b) other – measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized. Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the new standard, the Foundation's financial assets and liabilities are generally classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Receivables	Amortized cost
Investments	Held for trading	Fair value
Payables and accruals	Other liabilities	Amortized cost

(iii) Financial instruments - disclosure and presentation

Section 3861, "Financial Instruments - Disclosure and Presentation", which replaces 3860, of the same title, establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Based on managerial review and valuation of the Foundation's financial instruments, no significant differences between carrying value and fair value were identified. Therefore, no transitional adjustments were required.

Future changes in accounting policies

(i) Financial Instruments – Disclosure and Presentation

Section 3862 "Financial Instruments – Disclosure" and Section 3863 "Financial Instruments – Presentation" replaces Section 3861, "Financial Instruments – Disclosure and Presentation". Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. These standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

The Foundation does not expect the adoption of theses standards to have a significant impact on its financial disclosure and results of operations.

3. Investments

	2008	2007
Guaranteed investment certificate, due November 27, 2008, bearing interest at 4.25%.	$ 2,364,789	
Guaranteed investment certificate, due March 29, 2008, bearing interest at 4.05%	-	$ 2,024,000
Guaranteed investment certificate, due April 2, 2007, bearing interest at 4.10%	-	693,711
Managed money portfolio	1,128,890	-
	$ 3,493,679	$ 2,717,711

4. Capital assets

			2008	2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Equipment	$ 138,849	$ 137,800	$ 1,049	$ 7,679

5. Donations

	2008	2007
Eastern Regional Health Authority		
Janeway Children's Health and Rehabilitation Centre	$ 1,454,849	$ 897,223
Janeway Research	80,856	260,000
Equipment - receipt in kind	-	2,500
	1,535,705	1,159,723
Other health care		
Research grants	-	$ 200,000
Grenfell Foundation	-	18,465
Discovery Health Care Foundation	-	13,755
South and Central Health Foundation	-	8,656
Central Northwest Health Foundation	-	3,922
Western Health Care Corporation	-	3,666
	-	248,464
Other		
RBC Reach Out Program	50,000	-
Maple Leaf Garden	233	$ 25,583
Bursaries/fellowships	5,606	15,000
Haemophilia program	-	11,533
Rainbow Riders program	7,500	7,500
Environmental Grant - receipt in kind	198	5,134
Child Abuse	-	3,967
Asthma program	3,335	3,613
Memorial University	100,000	765
Child and Youth Research	20,000	-
Pastoral Care	500	-
	187,372	73,095
	$ 1,723,077	$ 1,481,282

6. Supplemental cash flow information

Change in non-cash operating working capital

	2008	2007
Receivables	$ (2,126)	$ (3,018)
Prepaids	503	5,643
Payables and accruals	17,570	(27,606)
Due to Eastern Regional Health Authority	198,435	(603,543)
Deferred contributions	(17,496)	7,800
	$ 196,886	$ (620,724)

7. Income tax status

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

8. Related party transactions

The Foundation operates for the purpose of accumulating funds to assist the Janeway Children's Health and Rehabilitation Centre (Eastern Regional Health Authority) with the purchase of medical equipment used in the provision of patient care for children. Transactions between these related parties are measured at their exchange value.

9. Commitments

During the year the Foundation committed to disburse $1,400,000 (2007 - $1,330,000) to the Eastern Regional Health Authority to benefit the Janeway Children's Health and Rehabilitation Centre. During the year $1,585,705 (2007 - $1,159,723) of committed funds were disbursed. The outstanding commitments from the current and prior years of approximately $2,796,437 relating to capital equipment and research will be disbursed in future years of the Foundation.

Janeway Children's Hospital Foundation

Schedule of Miracle Network Telethon Expenses

Year Ended March 31

	2008	2007
Advertising	$ 12,505	$ 8,052
Affiliation fees	22,027	21,587
Broadcasting costs	129,943	113,885
General administration	17,136	26,389
Merchandise	62,409	55,604
Office and supplies	1,583	2,713
Postage	15,967	17,105
Printing	15,767	9,475
Professional fees	5,069	9,989
Salary and benefits	175,421	164,854
Telephone	7,575	13,484
Travel and conferences	8,338	10,530
	$ 473,740	$ 453,667

Janeway Children's Hospital Foundation

Schedule of Christmas Appeal

Year Ended March 31	2008	2007
Contractual services	$ 9,290	$ 13,140
Office and miscellaneous	3,341	856
Postage	13,868	11,646
Printing	7,141	1,848
Promotional costs	882	-
Salaries and benefits	24,477	15,700
	$ 58,999	$ 43,190

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

CONSOLIDATED

FINANCIAL STATEMENTS

MARCH 31, 2008

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Trustees of **Labrador - Grenfell Regional Health Authority**

We have audited the consolidated balance sheet of **Labrador - Grenfell Regional Health Authority** as at March 31, 2008 and the consolidated statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, NL

June 17, 2008

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Consolidated

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Cash	$ 299,735	152,210
Restricted cash (Note 3)	1,638,118	2,276,245
Receivables (Note 4)	14,357,083	12,212,690
Inventories	1,745,945	1,722,466
Prepaid expenses	1,746,129	1,475,852
Total current assets	19,787,010	17,839,463
Residents' Trust Funds held on deposit	147,286	175,630
Replacement reserve (Note 7)	71,495	67,300
Capital Assets (Note 5)	22,484,133	20,974,307
	$ 42,489,924	39,056,700
Liabilities		
Current liabilities:		
Bank indebtedness (Note 6)	$ 21,084,271	20,604,543
Accounts payable	8,569,267	8,180,847
Accrued vacation pay	5,253,347	4,779,557
Other accrued benefits	2,001,024	1,792,108
Deferred contributions - operating	2,829,061	2,526,804
- National Child Benefit program	2,136,947	1,413,702
- Capital	3,616,326	1,969,671
- Special purpose funds	643,801	1,281,988
Current portion of accrued severance pay - estimated	897,820	720,549
Current portion of long-term debt (Note 8)	97,546	94,758
Total current liabilities	47,129,410	43,364,527
Residents' Trust Funds payable	147,286	175,630
Accrued severance pay	8,366,837	7,903,538
Replacement reserve (Note 7)	71,495	67,300
Long-term debt (Note 8)	2,592,805	2,690,179
Deferred contributions related to property, plant and equipment (Note 9)	18,721,796	16,991,309
	77,029,629	71,192,483
Net assets, per accompanying statement:		
Net assets invested in capital assets	1,088,062	1,205,880
Net assets restricted for endowment purposes	994,317	994,257
Unrestricted net assets	(36,622,084)	(34,335,920)
	(34,539,705)	(32,135,783)
	$ 42,489,924	39,056,700

See accompanying notes

Approved:

____________________ **Trustee**

____________________ **Trustee**

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Consolidated

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008				2007
	Invested in Capital Assets	Restricted for Endowment Purposes	Unrestricted Operating	Total	Total
Balance, beginning	$ 1,205,880	994,257	(34,335,918)	(32,135,783)	(30,429,230)
Excess (deficiency) of revenue over expenditure	(212,400)	-	(2,191,584)	(2,403,982)	(1,706,662)
Endowment fund contribution	-	60	-	60	109
Investment in capital assets (Note 10)	94,582	-	(94,582)		
Balance, ending	$ 1,088,062	994,317	(36,622,084)	(34,539,705)	(32,135,783)

See accompanying notes

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Consolidated

Statement of Operations

Year ended March 31, 2008

	2008	2007
Revenue:		
Provincial plan	$ 97,880,175	88,589,422
National Child Benefit	2,743,041	2,196,846
Transportation and Works	5,223,342	5,242,066
MCP physicians	12,122,467	11,137,883
Child Youth and Family Services Agreement	9,072,805	7,678,992
Inpatient	2,316,227	2,490,760
Outpatient	724,805	770,409
Long-term care	1,365,349	1,412,389
Other (Note 11)	7,115,579	6,324,172
	138,563,790	125,842,939
Expenditure:		
Administration	14,667,269	13,289,678
Support services	24,719,375	23,065,775
Nursing inpatient services	19,789,365	18,757,853
Ambulatory care services	14,271,355	13,551,953
Diagnostic and therapeutic services	11,917,682	11,122,641
Community and social services	38,439,133	31,922,979
Medical services	13,581,702	12,691,331
Research	67,125	68,083
Education	676,603	863,898
Undistributed	1,543,435	1,354,268
	139,673,044	126,688,459
Surplus (deficit) prior to other operations	(1,109,254)	(845,520)
12 Unit Cottage Project - net	-	-
20 Unit Cottage Project - net	(28,986)	(35,075)
Grenfell Foundation Inc. - net	(18,105)	70,423
Surplus (deficit) before non-shareable items	(1,156,345)	(810,172)
Non-shareable items:		
Amortization	3,299,497	2,874,143
Accrued vacation pay - increase	473,790	187,555
Accrued severance pay - increase	640,570	457,513
Amortization of deferred contributions	(3,166,220)	(2,622,721)
	1,247,637	896,490
Excess (deficiency) of revenue over expenditure	$(2,403,982)	(1,706,662)

See accompanying notes

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Consolidated

Statement of Cash Flow

Year ended March 31, 2008	2008	2007
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	$(2,403,982)	(1,706,662)
Amortization	3,378,620	2,945,992
Loss on disposal of buildings	14,045	93,632
Amortization of deferred contributions	(3,166,220)	(2,622,721)
Unamortized contributions on assets disposed	(45,986)	(364,526)
	(2,223,523)	(1,654,285)
Changes in:		
Receivables	(2,144,393)	(6,592,019)
Inventories	(23,479)	(106,108)
Prepaid expenses	(270,277)	(159,328)
Payables and accruals	597,336	971,314
Accrued vacation pay	473,790	187,555
Deferred contributions relating to operating and NCB program	1,025,502	1,001,606
Accrued severance pay	640,570	457,513
	(1,924,474)	(5,893,752)
Investing:		
Proceeds from disposal of capital assets	31,940	270,894
Additions to capital assets	(4,934,431)	(4,447,781)
	(4,902,491)	(4,176,887)
Financing:		
Deferred contributions - capital	1,646,655	(1,661,445)
- special purpose funds	(638,187)	309,136
Repayment of long-term debt	(94,586)	(85,870)
Deferred contributions related to capital assets	4,942,693	4,455,704
Donations for endowment purposes	60	109
	5,856,635	3,017,634
Net increase (decrease) in cash and cash equivalents	(970,330)	(7,053,005)
Cash and cash equivalents:		
Beginning	(18,176,088)	(11,123,083)
Ending	$(19,146,418)	(18,176,088)
Represented by:		
Cash and short-term investments	$ 299,735	152,210
Restricted cash	1,638,118	2,276,245
Bank indebtedness	(21,084,271)	(20,604,543)
	$(19,146,418)	(18,176,088)

See accompanying notes

1. Nature of operations:

The Authority manages and operates all health facilities, services and programs in Northern Newfoundland and all of Labrador.

The Authority manages and controls the operations of the following facilities.

Labrador Health Centre, Happy Valley-Goose Bay
Harry L. Paddon Memorial Home, Happy Valley-Goose Bay
Captain William Jackman Memorial Hospital, Labrador City
Charles S. Curtis Memorial Hospital, St. Anthony
John M. Gray Centre, St. Anthony
St. Anthony Inter-Faith Home Apartment Complexes, St. Anthony

and all medical clinics, nursing stations, community health centres, facilities, programs and services in the geographic area.

The operations of the Authority are primarily funded by the Government of Newfoundland and Labrador (the Government).

The Authority is incorporated under the Hospitals Act of Newfoundland and Labrador.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

Fund accounting.

The combined funds are reported in the consolidated financial statements.

Assets, liabilities, revenue and expenditure related to the delivery and administration of health services are reported in the operating financial statements.

Revenue recognition:

The Authority follows the deferral method of accounting of contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue, when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to property, plant and equipment are deferred and amortized to revenue at the same rates which the related property, plant and equipment are amortized.

(Continued...)

2. Significant accounting policies (Continued):

Inventories:

Inventories consist of medical, surgical, general supplies, fuel oil, aircraft parts, and pharmaceuticals.

Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis, and net realizable value.

Fuel oil, aircraft parts and drugs are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Property, plant and equipment:

The Authority has control over certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under property, plant and equipment.

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution.

Property, plant and equipment are being amortized on a declining balance basis over their estimated useful lives at the following rates:

Land improvements	20%
Buildings	5%
Leasehold improvements	5%
Equipment and vehicles	20%
Artwork	0%

In addition, the Harry L. Paddon Memorial Home and St. Anthony Interfaith Home Apartment Complexes buildings and equipment are amortized at a rate equal to the annual principal reduction of the mortgage related to these properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

Replacement reserve:

Newfoundland and Labrador Housing Corporation (NLHC) requires that not-for-profit housing groups maintain a Replacement Reserve Fund which is to be used to fund major maintenance and the purchase of property, plant and equipment. These funds may be used as approved by NLHC. Withdrawals are charged to interest first and then principal.

Transactions in the reserve are shown in Note 7.

Severance pay:

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continual service.

(Continued...)

2. Significant accounting policies (Continued):

Pension and other post employment benefits:

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Authority. The annual contributions for pensions and other post employment benefits are recognized in the accounts on a current basis.

Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

3. Restricted cash:

Cash is currently restricted to fund the following items:

	2008	2007
Deferred contributions - special purpose funds	$ 643,801	1,281,988
Endowment funds	994,317	994,257
	$ 1,638,118	2,276,245

4. Receivables:

	2008	2007
Government of Newfoundland and Labrador	$ 6,946,240	6,501,450
Government of Canada	3,456,970	2,108,577
Patient	2,784,934	2,426,112
Other	1,168,939	1,176,617
	$ 14,357,083	12,212,756

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Consolidated

Notes to the Financial Statements

March 31, 2008

5. Property, plant and equipment:

	2008	2007
Cost		
Land	$ 11,203	11,203
Land improvements	187,061	187,061
Buildings	24,051,147	23,722,396
Leasehold improvements	223,678	223,678
Equipment and vehicles	45,369,276	40,914,314
Artwork	195,714	195,714
	$ 70,038,079	65,254,366
Accumulated Amortization		
Land	$ -	-
Land improvements	150,995	148,191
Buildings	13,399,986	12,903,920
Leasehold improvements	82,211	65,568
Equipment and vehicles	33,920,754	31,162,380
Artwork	-	-
	$ 47,553,946	44,280,059
Net Book Value		
Land	$ 11,203	11,203
Land improvements	36,066	38,870
Buildings	10,651,161	10,818,476
Leasehold improvements	141,467	158,110
Equipment and vehicles	11,448,522	9,751,934
Artwork	195,714	195,714
	$ 22,484,133	20,974,307

6. Bank Indebtedness:

The Authority has access to a $24.0 million line of credit in the form of a revolving demand loan bearing interest at prime with the Royal Bank of Canada. The line of credit has been approved by the Minister of Health and Community Services. In addition, this line of credit carries a Province of Newfoundland and Labrador guarantee for $9 million up to $19 million with the first $10 million being unsecured.

7. Replacement reserve:

	2008	2007
Balance, beginning	$ 67,300	74,945
Add:		
Allocation for year	10,350	10,350
Interest earned	219	395
	77,869	85,690
Less:		
Approved expenditures	6,374	18,390
Balance, ending	$ 71,495	67,300
Funding:		
Replacement reserve funds	$ 4,195	-
Due from Newfoundland and Labrador Housing Corporation for replacement reserve	67,300	67,300
	$ 71,495	67,300

8. Long-term debt:

	2008	2007
10%, Canada Mortgage and Housing Corporation first mortgage on land and building of Harry L. Paddon Memorial Home; repayable $11,245 monthly, interest included; maturing November, 2029	**$ 1,211,735**	1,227,196
4.47% Newfoundland and Labrador Housing Corporation first mortgage on land and building of 20 unit apartment complex; repayable $7,051monthly, interest included; maturing January, 2019	**726,842**	777,939
4.31% Newfoundland and Labrador Housing Corporation first mortgage on land and building of 12 unit apartment complex; repayable $5,073 monthly, interest included; maturing October, 2025	**751,774**	779,802
	2,690,351	2,784,937
Less current portion	**97,546**	94,758
	$ 2,592,805	2,690,179

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2009	$ 97,546
2010	101,197
2011	106,658
2012	112,315
2013	118,309

Interest subsidy:

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act. The purpose of the assistance is to reduce operating costs in order to enable the Authority to provide housing to low and moderate income individuals. The amount of assistance received in 2008 was $98,798 (2007 - $107,271).

9. Unamortized deferred contributions related to property, plant and equipment:

Deferred contributions related to property, plant and equipment represent restricted contributions with which property, plant and equipment were originally purchased. The changes in the deferred contributions for the year are as follows:

	2008	2007
Balance, beginning	$ 16,991,309	15,522,852
Add:		
Equipment grants	4,109,894	4,021,137
Donations for equipment	832,799	434,567
	21,934,002	19,978,556
Less		
Amortization	3,166,220	2,622,721
Unamortized contribution on assets disposed	45,986	364,526
Balance, ending	$ 18,721,796	16,991,309

10. Investment in property, plant and equipment:

	2008	2007
Repayment of long-term debt	$ 94,582	85,871
Purchase of property, plant and equipment	-	-
	$ 94,582	85,871

11. Other revenue:

	2008	2007
Drug recoveries	$ 3,170,955	3,037,931
Dental	1,051,234	785,440
Rentals	219,580	231,643
Mortgage interest subsidy (Note 7)	25,205	25,205
Interest	68,930	118,522
Unamortized contributions on assets disposed	45,986	364,526
Miscellaneous	2,533,689	1,760,905
	$ 7,115,579	6,324,172

12. Commitments:

Energy performance contract:

The Authority entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design and implementation of measures to improve energy efficiency, wherein Johnson Controls Ltd. guaranteed the energy savings component.

The cost of the contract was $1,660,616 and is to be repaid from energy and operating savings at $15,250 per month over a period of 8.2 years plus lump sum amounts aggregating an additional $166,116.

As of March 31, 2008 the balance of the expenditures financed through the Bank of Nova Scotia amount to $257,929 (2007 - $415,235). As support for the financing, Johnson Controls Ltd. has assigned to the bank any funds due to them by the Authority for the energy savings component of the contract.

In the opinion of management of the Authority the guaranteed energy savings component by Johnson Controls Ltd. is an offset to any obligation of the Authority under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Authority at March 31, 2008.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Authority's operating statements as a normal operating cost.

13. Contingencies:

As of March 31, 2008, there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

14. Comparative figures:

Certain of the comparative figures have been reclassified to conform to the current presentation.

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

OPERATING

FINANCIAL STATEMENTS

MARCH 31, 2008

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Trustees of **Labrador - Grenfell Regional Health Authority**

We have audited the operating balance sheet of **Labrador - Grenfell Regional Health Authority** as at March 31, 2008 and the operating statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these operating financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these operating financial statements present fairly, in all material respects, the financial position of the Authority as at March 31, 2008 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, NL
June 17, 2008

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Operating

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Restricted cash (Note 3)	$ 859,887	1,498,014
Receivables (Note 4)	14,732,050	12,387,624
Inventories	1,745,945	1,722,466
Prepaid expenses	1,737,489	1,467,212
Total current assets	19,075,371	17,075,316
Residents' Trust Funds held on deposit	147,286	175,630
Property, plant and equipment (Note 5)	20,985,795	19,396,846
	$ 40,208,452	36,647,792
Liabilities		
Current liabilities:		
Bank indebtedness (Note 6)	$ 21,084,271	20,604,544
Payables and accruals	8,563,547	8,169,713
Accrued vacation pay	5,253,347	4,779,557
Other accrued benefits	2,001,024	1,792,108
Deferred contributions - operating	2,825,061	2,522,804
- National Child Benefit (NCB) initiatives	2,136,947	1,413,702
- capital	3,616,326	1,969,671
- special purpose funds	643,801	1,281,988
Current portion of accrued severance pay – estimated	897,820	720,549
Current portion of long-term debt (Note 7)	16,949	15,459
Total current liabilities	47,039,093	43,270,095
Residents' Trust Funds payable	147,286	175,630
Accrued severance pay, less estimated current portion	8,366,837	7,903,538
Long-term debt (Note 7)	1,194,786	1,211,735
Deferred contributions related to property, plant and equipment (Note 8)	18,721,796	16,991,309
	75,469,798	69,552,307
Net assets, per accompanying statement		
Net assets invested in property, plant and equipment	1,088,062	1,205,880
Net assets restricted for endowment purposes	216,086	216,026
Unrestricted net assets	(36,565,494)	(34,326,421)
	(35,261,346)	(32,904,515)
	$ 40,208,452	36,647,792

See accompanying notes

Approved:

____________________ **Trustee**

____________________ **Trustee**

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Operating

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008				2007
	Invested in Property, Plant and Equipment	Restricted for Endowment Purposes	Unrestricted Operating	Total	Total
Balance, beginning	$ 1,205,880	216,026	(34,326,421)	(32,904,515)	(31,162,614)
Excess (deficiency) of revenue over expenditure	(133,277)	-	(2,223,614)	(2,356,891)	(1,742,010)
Donations received for endowment purposes	-	60	-	60	109
Investment in property, plant and equipment (Note 9)	15,459	-	(15,459)	-	-
Balance, ending	$ 1,088,062	216,086	(36,565,494)	(35,261,346)	(32,904,515)

See accompanying notes

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Operating

Statement of Operations

Year ended March 31, 2008	2008	2007
Revenue:		
Provincial plan	$ 97,880,175	88,589,422
National Child Benefit	2,743,041	2,196,846
Transportation and Works	5,223,342	5,242,066
MCP physicians	12,122,467	11,137,883
Child Youth and Family Services Agreement	9,072,805	7,678,992
Inpatient	2,316,227	2,490,760
Outpatient	724,805	770,409
Long-term care	1,365,349	1,412,389
Other (Note 10)	7,115,579	6,324,172
	138,563,790	125,842,939
Expenditure:		
Administration	14,667,269	13,289,678
Support services	24,719,375	23,065,775
Nursing inpatient services	19,789,365	18,757,853
Ambulatory care services	14,271,355	13,551,953
Diagnostic and therapeutic services	11,917,682	11,122,641
Community and social services	38,439,133	31,922,979
Medical services	13,581,702	12,691,331
Research	67,125	68,083
Education	676,603	863,898
Undistributed	1,543,435	1,354,268
	139,673,044	126,688,459
Surplus (deficit) before non-shareable items	(1,109,254)	(845,520)
Non-shareable items:		
Amortization	3,299,497	2,874,143
Accrued vacation pay – increase	473,790	187,555
Accrued severance pay - increase	640,570	457,513
Amortization of deferred contributions	(3,166,220)	(2,622,721)
	1,247,637	896,490
Excess (deficiency) of revenue over expenditure	$(2,356,891)	(1,742,010)

See accompanying notes

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Operating

Statement of Cash Flow

Year ended March 31, 2008	2008	2007
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	$(2,356,891)	(1,742,010)
Amortization	3,299,497	2,874,143
Loss on disposal of assets	14,045	93,632
Amortization of deferred contributions	(3,166,220)	(2,622,721)
Unamortized contributions on assets disposed	(45,986)	(364,526)
	(2,255,555)	(1,761,482)
Changes in:		
Receivables	(2,316,073)	(6,511,886)
Due from Cottages Projects	(28,353)	(48,096)
Inventories	(23,479)	(106,108)
Prepaid expenses	(270,277)	(159,327)
Payables and accruals	602,750	980,563
Accrued vacation pay	473,790	187,555
Deferred contributions relating to operating and NCB program	1,025,502	1,001,606
Accrued severance pay	640,570	457,513
	(2,151,125)	(5,959,662)
Investing:		
Proceeds from the sale of capital assets	31,940	270,894
Additions to capital assets	(4,934,431)	(4,447,781)
	(4,902,491)	(4,176,887)
Financing:		
Deferred contributions - capital	1,646,655	(1,661,445)
- special purpose funds	(638,187)	309,136
Repayment of long-term debt	(15,459)	(14,022)
Deferred contributions related to property, plant and equipment	4,942,693	4,455,704
Donations for endowment purposes	60	109
	5,935,762	3,089,482
Net increase (decrease) in cash and cash equivalents	(1,117,854)	(7,047,067)
Cash and cash equivalents:		
Beginning	(19,106,530)	(12,059,463)
Ending	$(20,224,384)	(19,106,530)
Represented by:		
Restricted cash (Note 3)	$ 859,887	1,498,014
Bank indebtedness (Note 6)	(21,084,271)	(20,604,544)
	$(20,224,384)	(19,106,530)

See accompanying notes

LABRADOR - GRENFELL REGIONAL HEALTH AUTHORITY

Operating

Notes to the Financial Statements

March 31, 2008

1. **Nature of operations:**

The Authority manages and operates all health facilities, services and programs in Northern Newfoundland and all of Labrador.

The Authority manages and controls the operations of the following facilities:

Labrador Health Centre, Happy Valley-Goose Bay
Harry L. Paddon Memorial Home, Happy Valley-Goose Bay
Captain William Jackman Memorial Hospital, Labrador City
Charles S. Curtis Memorial Hospital, St. Anthony
John M. Gray Centre, St. Anthony

and all medical clinics, nursing stations, community health centres, facilities, programs and services in the geographic area.

The operations of the Authority are primarily funded by the Government of Newfoundland and Labrador (the Government).

The Authority is incorporated under the Hospitals Act of Newfoundland and Labrador.

2. **Significant accounting policies:**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Authority.

Revenue recognition:

The Authority follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue, when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to property, plant and equipment are deferred and amortized to revenue at the same rates which the related property, plant and equipment are amortized.

Inventories:

Inventories consist of medical, surgical, general supplies, fuel oil, aircraft parts, and pharmaceuticals.

Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis, and net realizable value.

Fuel oil, aircraft parts and drugs are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

(Continued...)

2. Significant accounting policies (continued):

Property, plant and equipment:

The Authority has control over certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under property, plant and equipment.

Purchased property, plant and equipment are recorded at cost. Contributed property, plant and equipment are recorded at fair value at the date of contribution.

Property, plant and equipment are being amortized on a declining balance basis over their estimated useful lives at the following rates:

Land improvements	20%
Buildings	5%
Leasehold improvements	5%
Equipment and vehicles	20%
Artwork	0%

In addition, the Harry L. Paddon Memorial Home and equipment are amortized at a rate equal to the annual principal reduction of the mortgage related to these properties. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

Severance pay:

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continual service.

Pension and other post employment benefits:

Employees of the Authority are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Authority. The annual contributions for pensions and other post employment benefits are recognized in the accounts on a current basis.

Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

3. Restricted cash:

Cash is currently restricted to fund the following items:

	2008	2007
Deferred contributions - special purpose funds	$ 643,801	1,281,988
Endowment Fund	216,086	216,026
	$ 859,887	1,498,014

4. Receivables:

	2008	2007
Government of Newfoundland and Labrador	$ 6,946,240	6,501,450
Government of Canada	3,456,970	2,108,577
Patient	2,784,934	2,426,112
Other	1,543,906	1,351,485
	$ 14,732,050	12,387,624

5. Property, plant and equipment:

	2008	2007
Cost		
Land	$ 11,201	11,201
Land improvements	162,208	162,208
Buildings	21,824,834	21,496,083
Leasehold improvements	223,678	223,678
Equipment and vehicles	45,351,522	40,896,560
Artwork	195,714	195,714
	$ 67,769,157	62,985,444
Accumulated Amortization		
Land	$ -	-
Land improvements	150,995	148,191
Buildings	12,633,255	12,215,964
Leasehold improvements	82,211	65,568
Equipment and vehicles	33,916,901	31,158,875
Artwork	-	-
	$ 46,783,362	43,588,598
Net Book Value		
Land	$ 11,201	11,201
Land improvements	11,213	14,017
Buildings	9,191,579	9,280,119
Leasehold improvements	141,467	158,110
Equipment and vehicles	11,434,621	9,737,685
Artwork	195,714	195,714
	$ 20,985,795	19,396,846

6. Bank indebtedness:

The Authority has access to a $24.0 million line of credit in the form of a revolving demand loan bearing interest at prime with the Royal Bank of Canada. The line of credit has been approved by the Minister of Health and Community Services. In addition, this line of credit carries a Province of Newfoundland and Labrador guarantee for $9 million up to $19 million with the first $10 million being unsecured.

7. Long-term debt:

10%, Canada Mortgage and Housing Corporation first mortgage on land and building of Harry L. Paddon Memorial Home; repayable $11,245 monthly, interest included; maturing November, 2029

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2009	$ 16,949
2010	18,790
2011	20,570
2012	22,514
2013	24,790

Interest subsidy:

The Authority has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act. The purpose of the assistance is to reduce operating costs in order to enable the Authority to provide housing to low and moderate income individuals. The amount of assistance received in 2007/08 was $25,205 (2006/07 - $25,205).

8. Unamortized deferred contributions related to property, plant and equipment:

Deferred contributions related to property, plant and equipment represent restricted contributions with which property, plant and equipment were originally purchased. The changes in the deferred contributions for the year are as follows:

	2008	2007
Balance, beginning	**$ 16,991,309**	15,522,852
Add:		
Equipment grants	**4,109,894**	4,021,137
Donations for equipment	**832,799**	434,567
	21,934,002	19,978,556
Less:		
Amortization	**3,166,220**	2,622,721
Unamortized contributions on assets disposed	**45,986**	364,526
Balance, ending	**$ 18,721,796**	16,991,309

9. Investment in property, plant and equipment:

	2008	2007
Repayment of long-term debt	**$ 15,459**	14,022

10. Other revenue:

	2008	2007
Drug recoveries	**$ 3,170,955**	3,037,931
Dental	**1,051,234**	785,440
Rentals	**219,580**	231,643
Mortgage interest subsidy (Note 7)	**25,205**	25,205
Interest	**68,930**	118,522
Unamortized contribution on assets disposed	**45,986**	364,526
Miscellaneous	**2,533,689**	1,760,905
	$ 7,115,579	6,324,172

11. Commitments:

Energy Performance Contract

The Authority entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design and implementation of measures to improve energy efficiency, wherein Johnson Controls Ltd. guaranteed the energy savings component.

The cost of the contract was $1,660,616 and is to be repaid from energy and operating savings at $15,250 per month over a period of 8.2 years plus lump sum amounts aggregating an additional $166,116.

As of March 31, 2008 the balance of the expenditures financed through the Bank of Nova Scotia amount to $257,929 (2007 - $415,235). As support for the financing, Johnson Controls Ltd. has assigned to the bank any funds due to them by the authority for the energy savings component of the contract.

In the opinion of management of the Authority the guaranteed energy savings component by Johnson Controls Ltd. is an offset to any obligation of the authority under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Authority at March 31, 2008.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Authority's operating statements as a normal operating cost.

12. Contingencies:

As of March 31, 2008, there were a number of legal claims against the Authority in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Authority with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

13. Comparative figures:

Certain of the comparative figures have been reclassified to conform to the current presentation.

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME
20 UNIT APARTMENT COMPLEX

FINANCIAL STATEMENTS

MARCH 31, 2008

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Trustees of **Labrador - Grenfell Regional Health Authority - St. Anthony Interfaith Home 20 Unit Apartment Complex**

We have audited the balance sheet of **Labrador - Grenfell Regional Health Authority - St. Anthony Interfaith Home 20 Unit Apartment Complex** as at March 31, 2008 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the St. Anthony Interfaith Home 20 Unit Apartment Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the St. Anthony Interfaith Home 20 Unit Apartment Complex as at March 31, 2008 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, NL

June 17, 2008

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Balance Sheet

March 31, 2008	2008	2007
Assets		
Current assets:		
Cash	$ 20,439	18,932
Receivables	951	1,851
Prepaid expenses	5,400	5,400
Total current assets	26,790	26,183
Replacement reserve cash (Note 4)	4,195	-
Property, plant and equipment (Note 3)	730,565	781,661
	$ 761,550	807,844
Liabilities		
Current liabilities:		
Payables and accruals	$ 2,734	5,895
Due to Labrador-Grenfell Regional Health Authority	201,899	169,144
Current portion of long-term debt	52,122	51,188
Total current liabilities	256,755	226,227
Long-term debt, less current portion (Note 5)	674,720	726,751
Replacement reserve fund (Note 4)	4,195	-
	935,670	952,978
Net assets (deficit), per accompanying statement:		
Net assets invested in property, plant and equipment		
Unrestricted net assets	(174,120)	(145,134)
	(174,120)	(145,134)
	$ 761,550	807,844

See accompanying notes

Approved: ______________ **Trustee**

______________ **Trustee**

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008			2007
	Invested in Property, Plant and Equipment	Unrestricted	Total	Total
Balance (deficit), beginning	$ -	(145,134)	(145,134)	(110,059)
Excess (deficiency) of revenue over expenditure	(51,096)	22,110	(28,986)	(35,075)
Repayment of long-term debt	51,096	(51,096)	-	-
Balance (deficit), ending	$ -	(174,120)	(174,120)	(145,134)

See accompanying notes

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Statement of Operations

Year ended March 31, 2008

	2008		2007
	Budget	Actual	Actual
Revenue:			
Rental	$ 109,000	108,976	106,253
CMHC subsidy	25,350	25,348	25,348
Hydro recoveries	14,000	14,061	13,189
Cable television recoveries	5,000	4,843	4,695
HST recoveries	-	-	1,851
Interest	500	634	408
	153,850	153,862	151,744
Expenditure:			
Allocation to replacement reserve	10,350	10,350	10,350
Amortization	51,096	51,096	48,959
Cable television	4,300	4,287	4,332
Heat and light	37,000	48,989	40,225
Insurance	2,300	2,500	2,291
Interest and bank charges	-	198	387
Interest on long-term debt	33,300	33,317	35,469
Management fees	5,000	5,000	5,000
Professional fees	2,700	2,725	2,700
Property taxes	5,400	7,200	7,200
Repairs and maintenance (Note 6)	8,800	17,186	29,906
	160,246	182,848	186,819
Excess (deficiency) of revenue over expenditure	$(6,396)	(28,986)	(35,075)

See accompanying notes

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Statement of Cash Flow

Year ended March 31, 2008	**2008**	2007
Cash Flows:		
Operations:		
Excess (deficiency) of revenue over expenditures	**$(28,986)**	(35,075)
Amortization	**51,096**	48,959
	22,110	13,884
Changes in:		
Receivables	**900**	(1,851)
Payables and accruals	**(3,161)**	(905)
Due to Labrador-Grenfell Regional Health Authority	**32,755**	38,102
Replacement reserve	**4,195**	-
	56,799	49,230
Financing:		
Principal repayments	**(51,097)**	(48,959)
Net increase in cash flow	**5,702**	271
Cash:		
Beginning	**18,932**	18,661
Ending	**$ 24,634**	18,932
Represented by:		
Cash	**$ 20,439**	18,932
Restricted cash	**4,195**	-
	$ 24,634	18,932

See accompanying notes

1. Nature of operations:

The St. Anthony Interfaith Home 20 Unit Apartment Complex is sponsored by the Labrador-Grenfell Regional Health Authority to provide housing to low and moderate income seniors.

2. Summary of significant accounting policies:

The accounting policies of the St. Anthony Interfaith Home 20 Unit Apartment Complex are in accordance with generally accepted accounting principles and guidelines set out by the Newfoundland and Labrador Housing Corporation (NLHC) in their operating agreements for not-for-profit housing projects. The following describes the more significant policies:

Property, plant and equipment

Purchased property, plant and equipment are recorded at cost.

Amortization is provided on land improvements and buildings at a rate equal to the annual principal reduction of the mortgages related to these properties. This is in accordance with the operating agreement with NLHC.

Replacement reserve

In accordance with the operating agreements with NLHC the Authority is required to fund a replacement reserve annually in the amount of $10,350. This allocation of funds is expensed annually and transferred to a separate bank account and added to the liability "Replacement Reserve."

The funds in the replacement reserve account may only be used as approved by NLHC.

Transactions in the reserve are shown in Note 4.

3. Property, plant and equipment:

	2008			2007
	Cost	**Accumulated Amortization**	**Net Book Value**	Net Book Value
Land	**$ 1**	**-**	**1**	1
Land improvements	**4,853**	**-**	**4,853**	4,853
Buildings	**1,271,266**	**545,555**	**725,711**	776,807
	$ 1,276,120	**545,555**	**730,565**	781,661

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Notes to the Financial Statements

March 31, 2008

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4. **Replacement reserve:**

	2008	2007
Balance, beginning	$ -	7,146
Add:		
Allocation for year	10,350	10,350
Interest earned	219	395
	10,569	17,891
Less:		
Approved expenditures	6,374	17,891
Balance, ending	$ 4,195	-

5. **Long-term debt:**

4.47% Newfoundland and Labrador Housing Corporation first mortgage on land and building; repayable in equal monthly installments of $7,051, interest included; maturing January, 2019, renewable on December 1, 2008.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2008	$ 52,122
2009	54,452
2010	56,886
2011	59,428
2012	62,085

Interest subsidy:

The Authority has received federal assistance through Central Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs, enabling the Authority to provide housing to low and moderate income seniors. The amount of the assistance received from Newfoundland and Labrador Housing in 2008 was $25,348 (2007 - $25,348).

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 20 UNIT APARTMENT COMPLEX

Notes to the Financial Statements

March 31, 2008

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6. **Repairs and maintenance:**	**2008**	2007
Maintenance supplies	**$ 11,355**	18,546
Salary	**4,313**	9,904
Snowclearing	**1,518**	1,456
	$ 17,186	29,906

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME
12 UNIT APARTMENT COMPLEX

FINANCIAL STATEMENTS

MARCH 31, 2008

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Trustees of **Labrador - Grenfell Regional Health Authority - St. Anthony Interfaith Home 12 Unit Apartment Complex**

We have audited the balance sheet of **Labrador - Grenfell Regional Health Authority - St. Anthony Interfaith Home 12 Unit Apartment Complex** as at March 31, 2008 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the St. Anthony Interfaith Home 12 Unit Apartment Complex's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the St. Anthony Interfaith Home 12 Unit Apartment Complex as at March 31, 2008 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, NL

June 17, 2008

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY

ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

Balance Sheet

March 31, 2008

	2008	2007
Assets		
Current assets:		
Cash	**$ 21,002**	26,337
Receivables	**-**	2,789
Prepaid expenses	**3,240**	3,240
Total current assets	**24,242**	32,366
Property, plant and equipment (Note 3)	**767,773**	795,800
Due from Newfoundland and Labrador Housing Corporation for replacement reserve (Note 5)	**67,300**	67,300
	$ 859,315	895,466
Liabilities		
Current liabilities:		
Payables and accruals	**$ 2,855**	4,488
Due to Labrador-Grenfell Regional Health Authority	**21,255**	25,657
Due to Newfoundland and Labrador Housing Corporation	**131**	2,219
Current portion of long-term debt (Note 4)	**28,475**	28,111
Total current liabilities	**52,716**	60,475
Long-term debt (Note 4)	**723,299**	751,691
Replacement reserve (Note 5)	**67,300**	67,300
	843,315	879,466
Net assets, per accompanying statement:		
Unrestricted net assets	**16,000**	16,000
	$ 859,315	895,466

See accompanying notes

Approved:

______________ **Trustee**

______________ **Trustee**

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

Statement of Changes in Net Assets

Year ended March 31, 2008

	2008			2007
	Invested in Capital assets	Unrestricted	Total	Total
Balance, beginning	$ -	16,000	16,000	16,000
Excess (deficiency) of revenue over expenditure	(28,027)	28,027	-	-
Repayment of long-term debt	28,027	(28,027)	-	-
Balance, ending	$ -	16,000	16,000	16,000

See accompanying notes

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

Statement of Operations

Year ended March 31, 2008

	2008		2007
	Budget	Actual	Actual
Revenue:			
Rental	$ 58,146	59,424	56,254
NLHC subsidy	32,987	48,245	56,718
Hydro recoveries	3,180	3,180	3,160
Laundry recoveries	1,420	1,440	1,430
HST recoveries	1,515	-	1,509
Interest	-	1,155	1,074
	$ 97,248	113,444	120,145
Expenditure:			
Amortization	$ 28,027	28,027	22,890
Heat and light	19,295	28,302	24,341
Insurance	504	2,046	1,766
Interest and bank charges	-	159	260
Interest on long-term debt	32,848	32,849	44,253
Management fees	5,232	5,000	5,000
Miscellaneous	-	995	556
Professional fees	-	2,500	2,700
Water and sewer	4,320	4,320	4,320
Repairs, maintenance and janitorial expense (Note 6)	6,714	8,639	13,476
Snowclearing	308	607	583
	$ 97,248	113,444	120,145

See accompanying notes

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

Statement of Cash Flow

Year ended March 31, 2008	2008	2007
Cash Flows:		
Operations:		
Amortization	$ 28,027	22,890
Changes in:		
Receivables	2,789	(686)
Prepaid expenses	-	-
Payables and accruals	(1,634)	(2,735)
Due to Labrador-Grenfell Regional Health Authority	(4,402)	8,529
Due to Newfoundland and Labrador Housing Corporation	(2,088)	(4,143)
	22,692	23,855
Financing:		
Principal repayments	(28,027)	(22,890)
Net increase (decrease) in cash flow	(5,335)	965
Cash:		
Beginning	26,337	25,372
Ending	$ 21,002	26,337

See accompanying notes

LABRADOR-GRENFELL REGIONAL HEALTH AUTHORITY
ST. ANTHONY INTERFAITH HOME 12 UNIT APARTMENT COMPLEX

Notes to the Financial Statements

March 31, 2008

1. Nature of operations:

The St. Anthony Interfaith Home 12 Unit Apartment Complex is sponsored by the Labrador-Grenfell Regional Health Authority to provide housing to low and moderate income seniors.

2. Summary of significant accounting policies:

The accounting policies of the St. Anthony Interfaith Home 12 Unit Apartment Complex are in accordance with generally accepted accounting principles and guidelines set out by the Newfoundland and Labrador Housing Corporation (NLHC) in their operating agreements for not-for-profit housing projects. The following describes the more significant policies.

Property, plant and equipment

Purchased property, plant and equipment are recorded at cost.

Amortization is provided on buildings and equipment at a rate equal to the annual principal reduction of the mortgages related to these properties. This is in accordance with the operating agreement with NLHC.

Replacement reserve

NLHC maintains a consolidated Replacement Reserve Fund to maintain and account for replacement reserve funds for not-for-profit housing groups. NLHC provides the organization with an annual statement as of March 31, 2007 indicating its reserve balance.

The funds in the replacement reserve account may only be used as approved by NLHC.

Transactions in the reserve are shown in Note 5.

3. Property, plant and equipment:

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	$ 1	-	1	1
Land improvements	20,000	-	20,000	20,000
Buildings	955,047	221,176	733,871	761,550
Equipment	17,754	3,853	13,901	14,249
	$ 992,802	225,029	767,773	795,800

4. Long-term debt:

4.31% Newfoundland and Labrador Housing Corporation first mortgage on land and building ; repayable in equal monthly installments of $5,073, interest included; maturing October, 2025.

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2008	$ 28,475
2009	29,702
2010	30,982
2011	32,317
2012	33,710

Interest subsidy:

The Authority has received federal assistance through Central Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs, enabling the Authority to provide housing to low and moderate income seniors. The amount of the assistance received from Newfoundland and Labrador Housing in 2008 was $48,245 (2007 - $56,718).

5. Replacement reserve:

	2008	2007
Balance, beginning	**$ 67,300**	67,799
Less approved expenditures	-	499
Balance, ending	**$ 67,300**	67,300

6. Repairs and maintenance:

	2008	2007
Fire and safety supplies	**$ -**	1,724
Maintenance supplies	**4,893**	2,836
Salary	**3,746**	8,916
	$ 8,639	13,476

LABRADOR SCHOOL BOARD

AUDITORS' REPORT

FINANCIAL STATEMENTS - JUNE 30, 2007

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the directors of the **Labrador School Board**

We have audited the balance sheet of the current and capital funds of the **Labrador School Board** as at June 30, 2007 and the statements of current revenues, expenditures and Board deficit, changes in financial position and changes in capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Labrador School Board as at June 30, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

Walters Hoffe
Chartered Accountants

Happy Valley-Goose Bay, NL

July 27, 2007

LABRADOR SCHOOL BOARD

Balance Sheet

June 30, 2007	2007	2006
Assets		
Current assets:		
Cash (Supp. Info. 1)	$ 100,408	113,470
Short term investments (Supp. Info. 2)	1,680,000	750,000
Accounts receivable (Note 2)	5,363,244	4,888,644
Prepaid expenses (Supp. Info 3)	66,733	64,137
Total current assets	7,210,385	5,816,251
Property, plant and equipment (Schedule 8)	43,031,692	42,545,682
	$ 50,242,077	48,361,933
Liabilities and Board Equity		
Current liabilities:		
Bank indebtedness (Note 3)	$ 169,303	-
Accounts payable and accruals (Note 4)	5,170,751	4,837,605
Current maturities (Schedules 9B)	202,943	163,028
Total current liabilities	5,542,997	5,000,633
Long-term debt (Schedule 9)	1,095,138	852,159
Accrued support staff severance	805,844	781,072
Accrued teacher severance	5,347,266	5,402,273
Board equity:		
Investment in capital assets (Note 6)	43,041,013	42,514,146
Board deficiency (Note 7)	(5,869,585)	(6,458,862)
Restricted fund - Labrador West School Committee (Note 5)	279,404	270,512
Total board equity	37,450,832	36,325,796
Commitments (Note 8)		
Contingent liabilities (Note 10)		
	$ 50,242,077	48,361,933

Approved:

______________ **Director**

______________ **Director**

See accompanying notes

LABRADOR SCHOOL BOARD

Statement of Current Revenues, Expenditures and Board Deficiency

Year ended June 30, 2007	2007	2006
Current revenues (Schedule 1):		
Local taxation	$ -	-
Provincial Government grants	**36,920,545**	36,459,652
Donations	-	-
Ancillary services	**192,817**	197,333
Miscellaneous	**4,613,866**	3,307,302
	41,727,228	39,964,287
Current expenditures:		
Administration (Schedule 2)	**1,369,938**	1,451,581
Instruction (Schedule 3)	**33,070,876**	32,042,445
Operations and maintenance (Schedule 4)	**4,527,775**	3,912,846
Pupil transportation (Schedule 5)	**2,146,378**	2,144,938
Ancillary services (Schedule 6)	**180,533**	187,942
Interest expenses (Schedule 9C)	**6,910**	9,110
Miscellaneous expenses (Schedule 7)	-	-
	41,302,410	39,748,862
23 111		
Excess (deficiency) of revenue over expenditure before teacher severance, summer pay and transfer to capital	**424,818**	215,425
Teacher severance	**55,007**	(25,865)
Teacher summer pay	**28,042**	159,745
Non-teaching severance		-
Transfer to Capital Fund	**(9,388)**	(326,517)
Net increase (decrease) in board equity	**498,479**	22,788
Board deficit, beginning of period	**(6,458,862)**	(6,614,623)
Adjustments (Note 7)	**90,798**	132,973
Board deficit, ending	**$(5,869,585)**	(6,458,862)

See accompanying notes

LABRADOR SCHOOL BOARD

Statement of Changes in Capital Fund

Year ended June 30, 2007			2007	2006
70		Capital Receipt		
71		Proceeds from bank loans		
	011	School construction	$ -	-
	012	Equipment	-	-
	013	Service vehicles	-	-
	014	Pupil transportation	-	-
	015	Other - energy performance contracting	-	-
			-	-
72		EIC Grants		
	011	School construction and equipment	-	-
	013	Other	-	-
			-	-
73		Donations		
	011	Cash receipts	-	-
	012	Non-cash receipts	-	-
	013	Restricted use	-	-
			-	-
74		Sale of Capital Assets Proceeds		
	011	Land	-	-
	012	Buildings	21,553	-
	013	Equipment	-	-
	014	Service vehicles	-	-
	015	Pupil transportation vehicles	-	-
	016	Other	-	-
			21,553	-
75		Other Capital Revenues		
	011	Interest on capital fund investments	-	-
	012	Premiums on debentures	-	-
	013	Recoveries of expenditures	-	-
	015	Insurance proceeds	-	-
	017	Miscellaneous	-	-
			-	-
Total Capital Receipts				
77		Transfer from reserve account	-	-
78		Transfer to/from current fund	9,389	326,517
Total			$ 30,942	326,517

See accompanying notes

LABRADOR SCHOOL BOARD

Statement of Changes in Capital Fund (Continued)

Year ended June 30, 2007			2007	2006
80		Capital Disbursements		
81		Additions to Property and Equipment		
	011	Land and sites	$ -	-
	012	Building	-	-
	013	Furniture and equipment - school	-	-
	014	Furniture and equipment - other	-	-
	015	Services vehicles	-	-
	016	Pupil transportation	-	-
	017	Other	-	-
			-	-
82		Principal Repayment of Loans		
	011	School construction	-	-
	012	Equipment	-	-
	013	Services vehicles	-	-
	014	Other - teachers' residences	30,942	326,517
			30,942	326,517
83		Miscellaneous Disbursements		
	013	Other	-	-
Total Capital Disbursements			$ 30,942	326,517

See accompanying notes

LABRADOR SCHOOL BOARD

Schedule 1

Current Revenues

Year ended June 30, 2007

			2007	2006
Current Revenues				
31	010	Local Taxation		
	011	School taxes	$ -	-
32	010	Provincial Government Grants		
	011	Regular operating grants	**6,200,715**	5,733,114
	012	Special grants (details on bottom of Schedule 1)	**4,354,992**	3,231,210
	013	Payroll tax		
		Salaries and benefits		
	017	Directors and assistant directors	**443,971**	442,716
	021	Regular teachers	**26,955,732**	26,877,559
	021	Student assistants	**505,589**	554,465
	022	Substitute teachers	**930,814**	762,931
	030	Pupil Transportation		
	031	Board owned	**1,883,724**	2,088,867
	032	Contracted	-	-
	033	Special needs	-	-
	034	Other	**191,804**	56,070
33	010	Donations		
	012	Cash receipts	-	-
	013	Non cash receipts	-	-
	014	Restricted use	-	-
34	010	Ancillary Services		
	011	Revenue from rental of residences	**192,817**	197,333
	015	Interest	**67,070**	20,022
	021	Revenues from rental of schools and facilities (net)	-	-
	022	Internally generated funds	-	-
	031	Cafeterias	-	-
	032	Other	-	-
			$ 41,727,228	39,964,287

See accompanying notes

Current Revenues

Year ended June 30, 2007

	2007	2007
Special Grants		
Native Peoples	**$ 2,217,539**	2,241,016
Innu Nation	**1,190,546**	465,194
Mining company	**525,000**	525,000
Francophone	**49,239**	-
Grenfell	**126,455**	-
Aboriginal education and initiatives	**246,213**	-
	$ 4,354,992	3,231,210

LABRADOR SCHOOL BOARD

Schedule 2

Administration Expenditures

Year ended June 30, 2007		2007	2006
51 011	Salaries and benefits - director and assistant directors	$ 443,971	442,716
012	Salaries and benefits - board office personnel	620,208	620,828
013	Office supplies	1,653	18,600
014	Replacement furniture and equipment	15,159	6,476
015	Postage	4,577	10,696
016	Telephone	(1,174)	29,633
017	Office equipment rentals and repairs	1,340	24,765
018	Bank charges	-	-
019	Electricity	4,890	5,309
021	Fuel	-	-
022	Insurance	4,327	3,331
023	Repairs and maintenance (office building)	-	-
024	Travel	97,750	98,542
025	Board meeting expenses	76,628	83,475
026	Election expenses	-	554
027	Professional fees	27,062	32,187
028	Advertising	39,929	46,170
029	Membership dues	20,714	14,997
031	Municipal taxes	1,340	1,692
034	Miscellaneous	924	1,273
035	Payroll tax	10,640	10,337
Total administration expenditures		$ 1,369,938	1,451,581

See accompanying notes

LABRADOR SCHOOL BOARD

Schedule 3

Instruction Expenditures

Year ended June 30, 2007

			2007	2006
52	010	Instructional salaries (gross)		
	011	Teachers' salaries - regular	**$ 23,190,403**	23,246,276
	012	- substitute	**724,222**	656,303
	013	- board paid	**100,636**	16,208
	013	- student assistants	**434,804**	475,551
	014	Augmentation	**284,999**	279,605
	015	Employee benefits	**4,014,326**	3,968,573
	016	School secretaries - salaries and benefits	**567,760**	579,604
	017	Payroll tax	**25,164**	23,421
	018	Other instructional salaries and benefits	**1,119,957**	957,865
			30,462,271	30,203,406
52	040	Instructional materials		
	041	General supplies	**476,175**	307,576
	042	Library resource materials	**15,300**	6,998
	043	Teaching aids	**120,232**	51,455
	044	Textbooks	**59,714**	-
		Other (Note 9)	**1,186,735**	1,100,683
			1,858,156	1,466,712
52	060	Instructional furniture and equipment		
	061	Replacement	**75,198**	46,857
	062	Rentals and repairs	**139,315**	120,640
			214,513	167,497
52	080	Instructional staff travel:		
	081	Program co-ordinators	**104,101**	109,099
	082	Teachers' travel	**43,588**	11,993
	083	Inservice and conferences	**370,511**	72,096
		Students travel	**3,268**	1,190
			521,468	194,378
	090	Other instructional costs		
52	091	Postage and stationery	**4,504**	2,685
	092	Other - Francophone Board funds	**9,964**	7,767
			14,468	10,452
			$ 33,070,876	32,042,445

See accompanying notes

LABRADOR SCHOOL BOARD Schedule 4

Operations and Maintenance Expenditures

Year ended June 30, 2007		2007	2006
53 011	Salaries and benefits - janitorial	**$ 1,142,828**	1,027,173
012	Salaries and benefits - maintenance	**837,702**	769,172
013	Payroll tax	**33,358**	32,564
014	Electricity	**379,194**	376,176
015	Fuel	**374,576**	392,402
016	Municipal service fees	**60,188**	52,176
017	Telephone	**103,002**	98,078
018	Vehicle operating and travel	**50,225**	36,591
019	Janitorial supplies	**130,007**	137,468
021	Janitorial equipment	**74,750**	26,665
022	Repairs and maintenance - buildings	**709,960**	396,668
023	- equipment	**3,198**	16,886
024	Contracted services - janitorial	**152,620**	3,650
025	Snowclearing	**120,790**	136,028
027	Other - mechanical, water and sewer	**115,342**	149,841
	- salaries and benefits - computer technologies	**237,878**	245,646
	- maintenance occupational health and safety	**2,157**	15,662
Total Operations and maintenance expenditures		**$ 4,527,775**	3,912,846

See accompanying notes

LABRADOR SCHOOL BOARD

Schedule 5

Pupil Transportation Expenditures

Year ended June 30, 2007

		2007	2006
54 010	Operation and Maintenance of Board Owned Fleet		
011	Salaries and benefits - administration	$ 153,506	140,294
012	Salaries and benefits - drivers and mechanics	1,257,432	1,254,005
013	Payroll tax	21,876	21,021
014	Debt repayment - interest	75,068	51,242
016	Bank charges	-	-
017	Gas and oil	252,599	253,394
018	Licences	22,414	21,286
019	Insurance	35,714	31,623
021	Repairs and maintenance - fleet	163,304	209,466
022	- building	6,957	13,450
023	Tires and tubes	33,375	33,983
024	Heat and light	5,416	5,615
025	Municipal services	1,096	1,184
026	Snowclearing	19,502	13,756
027	Office supplies	4,183	2,949
029	Travel	12,396	11,492
031	Professional fees	1,319	-
032	Miscellaneous	4,466	9,505
033	Telephone	21,939	20,151
	Rent	48,310	41,618
		2,140,872	2,136,034
54 040	Contracted Services		
041	Regular transportation	-	-
042	Handicapped	5,506	8,904
	Total Pupil Transportation Expenditures	$ 2,146,378	2,144,938

See accompanying notes

LABRADOR SCHOOL BOARD

Schedule 6

Ancillary Services

Year ended June 30, 2007

		2007	2006
55	Ancillary Services		
011	Operation of teachers' residence	$ 180,533	187,942
013	Janitorial	-	-
031	Cafeterias	-	-
032	Other	-	-
		$ 180,533	187,942

See accompanying notes

LABRADOR SCHOOL BOARD

Schedule 7

Miscellaneous Expenses

Year ended June 30, 2007	2007	2006
The Board has incurred the following miscellaneous expenses:		
57 001 Miscellaneous	$ -	-

See accompanying notes

LABRADOR SCHOOL BOARD

Schedule 8

Details of Property and Equipment

Year ended June 30, 2007

			Balance June 30, 2006	Additions	Disposals	Balance June 30, 2007
Land and sites						
12	210	Land and Sites				
	211	Land and sites	$ 173,221	-	-	173,221
12	220	Buildings				
	221	Schools	35,181,620	-	-	35,181,620
	222	Administration	283,947	-	-	283,947
	223	Residential	2,408,738	-	47,000	2,361,738
	224	Recreation	-	-	-	-
	225	Other - maintenance	263,899	-	-	263,899
			38,138,204	-	47,000	38,091,204
12	230	Furniture and equipment	2,852,466	-	-	2,852,466
12	240	Vehicles				
	241	Service vehicles	-	-	-	-
12	250	Pupil Transportation				
	251	Land	-	-	-	-
	252	Building	-	-	-	-
	253	Vehicles - buses	1,292,406	507,129	2,366	1,797,169
	254	- service	89,385	28,247	-	117,632
	255	Equipment	-	-	-	-
	256	Other	-	-	-	-
			1,381,791	535,376	2,366	1,914,801
12	260	Miscellaneous Capital				
	261	Other	-	-	-	-
Total Property and Equipment			$ 42,545,682	535,376	49,366	43,031,692

See accompanying notes

LABRADOR SCHOOL BOARD

Schedule 9

Details of Long-term debt

Year ended June 30, 2007	**2007**	2006
Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador		
22 210 Loans Other Than Pupil Transportation		
Ref.#		
211 Bank Loans		
Prime minus .25%, repayable $196 monthly, repaid during year	$ -	30,942
212 Mortgages		
___, repayable $______ monthly, maturing	-	-
___, repayable $______ monthly, maturing	-	-
___, repayable $______ monthly, maturing	-	-
Total 212	-	-
213 Vehicles		
___, repayable $______ monthly, maturing	-	-
___, repayable $______ monthly, maturing	-	-
Total 213	-	-
214 Other		
___, repayable $______ monthly, maturing	-	-
Subtotal	-	30,942
215 Less: Current Maturities	-	2,350
Total Loans Other Than Pupil Transportation	-	28,592

LABRADOR SCHOOL BOARD

Schedule 9 (cont'd)

Details of Long-term debt

Year ended June 30, 2007

	2007	2006
22 220 Loans - Pupil Transportation		
Ref.#		
221 Vehicle Bank Loans		
Prime minus .25%, repayable $3,287 monthly; maturing 2011	**$ 147,911**	187,354
Prime minus .25%, repayable $2,172 monthly; maturing 2013	**154,207**	180,271
Prime minus .25%, repayable $2,517 monthly; maturing 2012	**150,860**	180,851
Prime minus .25%, repayable $1,696 monthly; maturing 2015	**167,894**	188,244
Prime minus .25%, repayable $581 monthly; maturing 2014	**48,794**	55,765
Prime minus .25%, repayable $3,137 monthly; maturing 2011	**154,115**	191,760
Prime minus .25%, repayable $598 monthly; maturing 2018	**82,540**	-
Prime minus .25%, repayable $2,924 monthly; maturing 2018	**391,760**	-
Subtotal	**1,298,081**	984,245
223 Less: Current Maturities	**202,943**	160,678
Total Loans - Pupil Transportation	**1,095,138**	823,567
Total Long-Term Debt	**$ 1,095,138**	852,159

See accompanying notes

LABRADOR SCHOOL BOARD

Schedule 9A

Summary of Long-term debt

Year ended June 30, 2007

Description	Rate	Balance June 30, 2006	Loans Obtained During Year	Principal Repayment For Year	Balance June 30, 2007
(A) School construction		$ -	-	-	-
(B) Equipment		-	-	-	-
(C) Service vehicles		-	-	-	-
(D) Other	Prime - 1.25%	30,942	-	30,942	-
(E) Bus acquisition	Prime - 0.25%	984,245	507,129	193,293	1,298,081
Total Loans		$ 1,015,187	507,129	224,235	1,298,081
Less: Current Maturities					202,943
Total Loans					$ 1,095,138

See accompanying notes

LABRADOR SCHOOL BOARD

Schedule 9B

Schedule of Current Maturities

Year ended June 30, 2007

Description		2008	2009	2010	2011	2012
(A) School construction	$	-	-	-	-	-
(B) Equipment		-	-	-	-	-
(C) Service vehicles		-	-	-	-	-
(D) Other		-	-	-	-	-
(E) Pupil transportation		202,943	202,943	202,943	193,083	129,223
Total	$	202,943	202,943	202,943	193,083	129,223

See accompanying notes

LABRADOR SCHOOL BOARD

Schedule 9C

Schedule of Interest Expenses

Year ended June 30, 2007	2007	2006
Description		
012 Capital		
School construction	$ -	-
Equipment	-	-
Service vehicles	-	-
Other - teachers' residences	755	1,405
Pupil transportation	-	-
Total Capital	755	1,405
013 Current - operating loans	146	2,329
- supplier interest charges	6,009	5,376
Total current	6,155	7,705
Total Interest Expense	$ 6,910	9,110

See accompanying notes

LABRADOR SCHOOL BOARD

Supplementary Information

June 30, 2007			2007	2006
1.		**Cash**		
		Current		
11	110	Cash on Hand and in Bank		
	111	Cash on hand	$ 1,165	1,165
	112	Bank - current	-	23,798
	113	- savings - Labrador West School Committee Funds in trust	99,243	97,194
	114	- teachers' payroll	-	(8,687)
	115	- non teachers' payroll	-	-
	116	- coupon (debenture)	-	-
		Capital		
11	210	Cash on Hand and in Bank		
	211	Cash on hand	-	-
	212	Bank - current	-	-
	213	- savings	-	-
	214	- other	-	-
Total Cash on Hand and in Bank			$ 100,408	113,470
2.		**Short Term Investments**		
		Current		
11	121	Term deposits	$ 1,680,000	750,000
	122	Canada Savings Bonds	-	-
	123	Other	-	-
		Capital		
11	221	Term deposits	-	-
	222	Canada Savings Bonds	-	-
	223	Other	-	-
Total Short Term Investments			$ 1,680,000	750,000

See accompanying notes

June 30, 2007

			2007	2006
3.		**Prepaid Expenses**		
		Current		
11	141	Insurance	$ -	8,080
	142	Municipal service fees	17,240	10,511
	143	Supplies	2,242	9,294
	144	Other - WHSCC	-	-
		- travel	147	-
		- miscellaneous	47,104	36,252
		Capital		
11	241	Other	-	-
			$ 66,733	64,137

See accompanying notes

LABRADOR SCHOOL BOARD

Notes to the Financial Statements

June 30, 2007

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1. Summary of significant accounting policies:

The accompanying financial statements have been prepaid on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

(a) Grants received by the Board are recorded in either the current or capital funds, depending on their source. Grants from the Department of Education are treated as current revenue while those from the Newfoundland and Labrador Education Investment Corporation are mostly recorded as capital revenues.

(b) Land, buildings and equipment are recorded in the accounts based on the carrying values on the balance sheets of the former school Boards upon amalgamation at January 31, 1997.

(c) The Board does not calculate or record amortization on any of its fixed assets.

(d) As a result of the amalgamation of former school boards to form the Labrador School Board, described in Note 7 to these financial statements, historical cost information related to capital assets is not always available.

In instances where the historical cost of a capital asset is unknown, only the proceeds received on the disposition of the capital asset are credited to the capital asset account.

If the historical cost of a capital asset is known, the disposition of the capital asset is recorded by removing the full cost of the asset from the capital asset account.

(e) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.

(f) Principal repayment of Pupil Transportation Loans are recorded as current expenditures. All other principal repayment of bank loans are recorded as capital expenditures.

Severance Pay

The Board has in effect severance pay policies whereby employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights, or in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education.

LABRADOR SCHOOL BOARD

Notes to the Financial Statements

June 30, 2007

1. Summary of significant accounting policies (continued):

Other

Effective January 1, 1997, the Labrador School Board was formed through the amalgamation of the Labrador West Integrated School Board, the Labrador East Integrated School Board and the Roman Catholic School Board for Labrador. The amalgamation was accounted for using the pooling of interests method whereby the assets and liabilities of each School Board were combined to become the assets of the new Labrador School Board.

2. Accounts Receivable:

			2007	2006
		Current		
11	131	Provincial Government Grant	$ 5,124,019	4,589,013
	132	Transportation	-	-
	133	Federal Government	105,479	100,377
	134	School taxes	-	-
	136	Other School Boards	-	-
	137	Rent	-	-
	138	Interest	-	-
	139	Travel advances and miscellaneous	133,746	199,254
		Capital		
11	231	EIC - construction grants	-	-
	233	Local contributions	-	-
	234	Other School Boards	-	-
	235	Other - Department of Education	-	-
			5,363,244	4,888,644
		Less allowance for uncollectible Government grants	-	-
			$ 5,363,244	4,888,644

3. Bank Indebtedness - Current:

			2007	2006
21	131	On operating credit	$ -	-
	132	On current account	169,303	-
			$ 169,303	-

LABRADOR SCHOOL BOARD

Notes to the Financial Statements

June 30, 2007

4. Payables and accruals:

			2007	2006
		Current		
21	111	Trade payables	**$ 464,996**	339,563
	112	Accrued - liabilities	**10,700**	10,700
	113	- interest	-	-
	114	- wages	**131,968**	104,904
	115	Payroll deductions	**45,535**	23,101
	116	Retail sales tax	-	-
	117	Deferred grants	**1,162,030**	975,773
	119	Summer pay - teachers	**3,355,522**	3,383,564
	122	Department of Education	-	-
		Capital		
21	211	Trade payables	-	-
	212	Accrued - liabilities	-	-
	213	- interest	-	-
	217	Deferred grants	-	-
	218	Other	-	-
			$ 5,170,751	4,837,605

5. Restricted fund:

	2007	2006
Labrador West School Committee	**$ 279,404**	270,512

The restricted surplus represents unexpended funding set aside for the benefit of the Labrador West School Committee. The available funds must be spent in Labrador West

LABRADOR SCHOOL BOARD

Notes to the Financial Statements

June 30, 2007

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6. Investment in Capital Assets:

	2007	2006
Balance, beginning: As previously reported	**$ 42,514,146**	42,178,570
Prior year adjustment to correct accounting error	**-**	6,709
As restated	**42,514,146**	42,185,279
Transfer of operating funds to capital fund	**9,388**	326,517
Principal repayment of housing loan	**30,942**	2,350
Proceeds from bussing loans - net	**505,290**	-
Purchase of service vehicle	**28,247**	-
	43,088,013	42,514,146
Deduct adjustments:		
Cost of assets sold - land	-	-
- buildings	**47,000**	-
- buses	-	-
- service vehicles	-	-
23 221 Balance, ending	**$ 43,041,013**	42,514,146

LABRADOR SCHOOL BOARD

Notes to the Financial Statements

June 30, 2006

7. Board Deficit:

	2007	2006
Balance, beginning:		
As previously reported	$ 6,458,862	6,605,564
Prior year adjustments to correct accounting error	-	9,059
As restated	6,458,862	6,614,623
Adjustments in current year:		
Correction re prior year	152	-
Transfer from deferred revenue - NL Hydro	(14,189)	-
Transfer of deficit to North Coast Housing Program	(65,000)	-
Grant re bussing deficit - 2005	-	(5,366)
Miscellaneous grant payment	-	(67,480)
Other adjustments - payables	-	(110,506)
- receivables	(11,761)	50,379
	6,368,064	6,481,650
Excess (deficiency) of revenue over expenditures	498,479	22,788
Balance, ending	$ 5,869,585	6,458,862

The Board deficit is comprised as follows:

	2007	2006
Deficit upon amalgamation at January 1, 1997	$ 504,281	504,281
Deficit related to teachers' severance (responsibility of Provincial Government)	5,347,266	5,402,273
Deficit attributable to Board operations since amalgamation	18,038	552,308
Board deficit, end of year	$ 5,869,585	6,458,862

8. Commitments:

At balance sheet date, the Board had the following commitments:

The Board has entered into lease agreements with estimated future payments to the next three years as follows:

2008	58,600
2009	16,800

9. Other Instructional Materials:

	2007	2006
Native Peoples	$ 23,403	67,114
Labrador Studies	17,303	12,142
Modern Technology	120,258	112,475
Labrador Science Fair	3,756	2,163
Creative Arts Festival	30,612	30,000
Lifeskills Program	13,965	11,153
Special Projects - Housing	348,724	226,983
Special Projects - Other	6,305	107,164
Labrador North Sports Meet	30,082	28,231
Mushuau Innu Natuashish	412,334	483,953
Grenfell Library Program	62,510	-
Labrador West Funds	49,509	19,305
Music Supplies	57,514	-
Stepping Into the Future	10,460	-
	$ 1,186,735	1,100,683

10. Contingent liabilities

The Lavers Inquiry is currently investigating allegations of abuse at schools formerly run by various churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the Board is not known.

There presently exists an undetermined contingently liability which has arisen concerning a dispute between the Roman Catholic Diocese of Labrador City/Schefferville and the Labrador School Board over ownership of rental monies derived from Notre Dame Academy.

There is an outstanding grievance between the Lab West support staff under the collective bargain agreement between the Newfoundland Association of Public Employees and the Board. The claim arises from the discontinuance by the Board of the payment of travel benefits under the existing agreement. This matter is in the process of being settled.

A supplier has made a claim against the Board for breach of contract with respect to the installation of oil tanks at the teachers' residences in coastal Labrador communities. The Board has commenced a counter claim against the supplier for shortfalls, stating that the supplier failed to performed the contract which required the Board to retain a third party to complete the work.

A former Board employee has grieved termination of employment as wrongful dismissal and the union is seeking reinstatement with full restitution. This case has not yet proceeded to arbitration.

LABRADOR SCHOOL BOARD TRUST FUND

AUDITORS REPORT

FINANCIAL STATEMENTS – DECEMBER 31, 2007

Walters Hoffe
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Board of Directors of

Labrador School Board Trust Fund

We have audited the statement of financial position of **Labrador School Board Trust Fund** as at December 31, 2007 and the statement of operations for the year then ended. These financial statements are the responsibility of the Trust Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust fund as at December 31, 2007 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe

Happy Valley-Goose Bay, NL

May 8, 2008

Chartered Accountants

LABRADOR SCHOOL BOARD TRUST FUND

Statement of Financial Position

December 31, 2007

		2007	2006
Assets			
Current assets:			
Cash	$	**10,221**	22,094
Receivables - HST		**1,350**	1,747
	$	**11,571**	23,841
Liabilities and Net Assets			
Current liabilities:			
Accrued professional fees	$	**1,000**	500
Trust equity:			
Balance, opening		**23,341**	4,166
Excess (deficiency) of revenue over expenditures, per accompanying statement		**(12,770)**	19,175
Balance, ending		**10,571**	23,341
	$	**11,571**	23,841

See accompanying note

Approved: ______________ **Director**

______________ **Director**

LABRADOR SCHOOL BOARD TRUST FUND

Statement of Operations

Year ended December 31, 2007

		2007	2006
Revenue:			
Donations	$	35,000	47,900
Interest		1,822	-
		36,822	47,900
Expenditures:			
Library resources		45,564	25,034
Scholarships		3,000	2,900
Professional fees		500	500
Donations		500	100
Bank service charges		28	191
		49,592	28,725
Excess (deficiency) of revenue over expenditures	$	(12,770)	19,175

See accompanying note

LABRADOR SCHOOL BOARD TRUST FUND

Note to the Financial Statements

December 31, 2007

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1. **Nature of the operations:**

   The Labrador School Board Trust Fund was established to encourage donations from the business community and individuals to assist with the provision of scholarships, the purchase of additional classroom resources, the broadening of the educational curriculum and to assist students to avail of greater academic opportunities

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

FINANCIAL STATEMENTS

31 MARCH 2008

OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Livestock Owners Compensation Board
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2008 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2008 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, CA
Auditor General

St. John's, Newfoundland and Labrador
25 June 2008

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
BALANCE SHEET

31 March	2008	2007
ASSETS		
Current		
Cash	$ 15,140	$ 17,351
Accounts receivable	900	920
	$ 16,040	$ 18,271
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,048	$ 1,044
Equity		
Contributions – Province of Newfoundland and Labrador	78,895	78,895
Deficit	(63,903)	(61,668)
	14,992	17,227
	$ 16,040	$ 18,271

See accompanying notes

Signed on behalf of the Board: C. MacDonald
Chairperson **Member**

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March	**2008**	**2007**
REVENUES		
Province of Newfoundland and Labrador Payments on behalf of the Board for administration (Note 2)	$ **6,922**	$ 6,460
Premiums from livestock owners	**996**	1,063
	7,918	7,523
EXPENSES		
Bad debt expense	**23**	-
Bank charges	**30**	31
Indemnity claims	**3,178**	355
Professional services (Note 2)	**1,200**	1,000
Salaries (Note 2)	**5,722**	5,360
Supplies (Note 2)	**-**	100
	10,153	6,846
Excess of revenues over expenses (expenses over revenues)	**(2,235)**	677
Deficit, beginning of year	**(61,668)**	(62,345)
Deficit, end of year	$ **(63,903)**	$ (61,668)

See accompanying notes

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
31 March 2008

Authority

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Payments on behalf of the Board for administration

The Board is administered by employees of the Department of Natural Resources. Salary costs of $5,722 (2007 - $5,360) and other costs of $1,200 (2007 - $1,100) applicable to the operation of the Board have been paid by the Department and are reflected in these financial statements as expenses of the Board and as revenue from the Province.

3. Economic dependence

As a result of the Board's reliance on Provincial funding to meet its administrative costs, the Board's ability to continue viable operations is dependent upon continued funding from the Province.

4. Financial instruments

The Board's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

5. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Consolidated Financial Statements of

MEMORIAL UNIVERSITY OF NEWFOUNDLAND

March 31, 2008

AUDITORS' REPORT

To the Board of Regents of
Memorial University of Newfoundland

We have audited the consolidated statement of financial position of **Memorial University of Newfoundland** (the "University") as at March 31, 2008 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the University as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2007 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated June 12, 2007.

Ernst & Young LLP

St. John's, Canada,
June 18, 2008.

Chartered Accountants

Statement 1

Memorial University of Newfoundland

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31
(in thousands of dollars)

	2008	2007
	$	$
ASSETS		
Current		
Cash and cash equivalents	**65,694**	49,360
Accounts receivable	**41,965**	47,586
Accrued interest receivable	**2,134**	1,397
Inventory and prepaid expense	**6,191**	9,164
Total current assets	**115,984**	107,507
Long-term receivable	**3,074**	3,074
Investments *[note 6]*	**64,419**	57,452
Capital assets *[note 4]*	**168,989**	160,280
	352,466	328,313
LIABILITIES, DEFERRED CONTRIBUTIONS AND NET ASSETS		
Current		
Bank indebtedness *[note 8]*	**5,075**	5,541
Accounts payable and accrued liabilities	**20,280**	16,519
Deferred revenue	**19,566**	10,385
Current portion of employee future benefits *[note 11]*	**10,371**	9,901
Current portion of long-term debt *[note 7]*	**763**	1,003
Total current liabilities	**56,055**	43,349
Long-term debt *[note 7]*	**1,036**	451
Employee future benefits *[note 11]*	**99,564**	89,837
Total liabilities	**156,655**	133,637
Deferred contributions *[note 5]*	**202,323**	204,533
Net assets (deficiency)		
Net assets restricted for endowment purposes	**60,002**	56,186
Net assets invested in capital assets	**8,630**	-1,413
Unrestricted net assets	**-75,144**	-64,630
Net total deficiency	**-6,512**	-9,857
	352,466	328,313

See accompanying notes to consolidated financial statements
Contingencies [note 10]

On behalf of the Board:

Chair of the Board of Regents

Chair of the Finance Committee

Memorial University of Newfoundland

CONSOLIDATED STATEMENT OF OPERATIONS

Year ended March 31
(in thousands of dollars)

	2008 $	2007 $
REVENUE		
Government grants	**284,792**	263,624
Student fees	**54,190**	54,157
Other revenue	**32,039**	26,089
Amortization of deferred capital contributions	**20,801**	21,521
Sales and services	**16,361**	15,972
Investment income *[note 6]*	**2,899**	5,946
	411,082	387,309
EXPENSES		
Salaries	**217,802**	201,824
Employee benefits	**37,765**	34,972
Materials and supplies	**31,968**	29,743
Utilities	**22,162**	19,371
Amortization	**20,926**	21,333
Scholarships, bursaries and awards	**19,813**	17,707
Other operating expenses	**17,345**	11,957
Repairs and maintenance	**15,842**	14,954
Travel and hosting	**14,188**	13,580
Externally contracted service	**13,367**	13,402
Professional fees	**12,801**	11,975
Employee future benefits	**10,393**	11,256
Equipment rentals	**2,249**	2,318
External cost recoveries	**-17,516**	-15,546
	419,105	388,846
Excess of expenses over revenue	**-8,023**	-1,537

See accompanying notes to consolidated financial statements

Statement 3

Memorial University of Newfoundland

Consolidated Statement of Changes in Net Assets

As at March 31

(thousands of dollars)	Invested in Capital Assets $	Restricted for Endowment Purposes $	Unrestricted $	2008 $	2007 $
Balance, beginning of year	**-1,413**	**56,186**	**-64,630**	**-9,857**	-12,241
Cumulative unrealized gain on investments due to adoption of new accounting policy *[note 3]*	—	—	**6,950**	**6,950**	—
Adjusted opening balances	**-1,413**	**56,186**	**-57,680**	**-2,907**	-12,241
Excess of (expenses over revenue) revenue over expenses	**-125**	**-602**	**-7,296**	**-8,023**	-1,537
Endowment contributions	—	**4,418**	—	**4,418**	3,921
Increase (decrease) in invested in capital assets	**10,168**	—	**-10,168**	—	—
Balance, end of year	**8,630**	**60,002**	**-75,144**	**-6,512**	-9,857

See accompanying notes to consolidated financial statements

Statement 4

Memorial University of Newfoundland

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31
(in thousands of dollars)

	2008 $	2007 $
OPERATING ACTIVITIES		
Excess of expenses over revenue	**-8,023**	-1,537
Items not involving cash:		
Amortization of capital assets	**20,926**	21,333
Net (decrease) increase in deferred contributions related to expenses of future periods	**-796**	8,965
Increase in long-term portion of employee future benefits	**9,727**	10,470
Increase in current portion of employee future benefits	**470**	511
Amortization of deferred capital contributions	**-20,801**	-21,521
Loss on disposal of capital assets	**208**	129
Unrealized loss on investments	**3,605**	—
Change in non-cash working capital	**20,799**	-10,772
Cash provided by operating activities	**26,115**	7,578
INVESTING ACTIVITIES		
Capital assets acquired	**-29,843**	-24,657
Decrease in short-term investments	—	9,905
Reduction in long-term receivable	—	449
Increase in investments	**-3,622**	-8,753
Cash used in investing activities	**-33,465**	-23,056
FINANCING ACTIVITIES		
Decrease in bank indebtedness	**-466**	-462
Endowment contributions	**4,418**	3,921
Addition to deferred capital contributions	**19,387**	25,728
Increase (decrease) in long-term debt	**345**	-697
Cash provided by financing activities	**23,684**	28,490
Net increase in cash during the year	**16,334**	13,012
Cash and cash equivalents, beginning of year	**49,360**	36,348
Cash and cash equivalents, end of year	**65,694**	49,360

See accompanying notes to consolidated financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2008
(thousands of dollars)

1. AUTHORITY AND PURPOSE

Memorial University of Newfoundland (the "University") is a corporation operating under the authority of the Memorial University Act. It is a comprehensive research university offering a full range of undergraduate, graduate and continuing studies programs. The academic governance of the University is vested in the Senate. The University is a not-for-profit entity, governed by a Board of Regents, the majority of whom are appointed by the Province of Newfoundland and Labrador. The University is a registered charity under the Income Tax Act and, accordingly, is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

2. SIGNIFICANT ACCOUNTING POLICIES

General

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The significant accounting principles are summarized as follows:

Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they become known.

Consolidated statements

These financial statements have been prepared on a consolidated basis, reporting the operations and financial position of the University and the following related not-for-profit organizations:

C-CORE
The Canadian Centre for Marine Communications ("CCMC")
The Canadian Centre for Fisheries Innovation ("CCFI")
Genesis Group Inc.
The Memorial University of Newfoundland Botanical Garden Incorporated
Memorial University Recreation Complex ("MURC")
Western Sports and Entertainment Inc.
Campus Childcare Inc.

Newfoundland Quarterly Foundation
Edutech Services Inc.

Cash equivalents

Cash equivalents consist primarily of cash, treasury bills and bankers' acceptances. Investments with original maturities less than three months past year-end are classified as cash equivalents.

Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and government grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Contributions externally restricted for purposes other than endowment are deferred and recognized as revenue in the year in which related expenses are recognized. Contributions of capital assets are recorded at fair market value at the date of the contribution and deferred and amortized to operations on the same basis as the related asset. Endowment contributions are recognized as direct increases in the net assets in the year in which they are received. Revenues from contracts, sales and student fees are recognized when the goods or services are provided and collection is reasonably assured.

Contributed services

Volunteers, including volunteer efforts from the staff of the University, contribute an indeterminable number of hours per year to assist the University in carrying out its service delivery activities. The costs that would otherwise be associated with these contributed services are not recognized in these consolidated financial statements.

Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of acquisition. Repairs and maintenance expenditures are charged to expense. Betterments which extend the estimated life of an asset are capitalized.

The University's permanent art collection is expensed as incurred and the value of donated art is not recognized in these consolidated financial statements.

Capital assets are amortized using the following rates. One-half year's amortization is taken in the year of acquisition and no amortization in the year of disposal.

Buildings	8% declining balance
Furniture and equipment	20% declining balance
Computers	30% declining balance
Banner finance	20% declining balance
Vehicles	30% declining balance
Library collection	10 years straight-line

Employee future benefits

Pension costs and obligations

The employees of the University participate in a defined benefit pension plan administered under the Memorial University Pensions Act with any deficiencies being funded by the Province of Newfoundland and Labrador. Payments to the pension plan consist of contributions from employees and contributions from the University as prescribed in the Pension Benefits Act (1997) ("PAB"). In addition, where the plan experiences a solvency deficiency, the employer is required to contribute an amount sufficient to liquidate the deficiency within 5 years of the solvency valuation date. The University's contributions to the Pension Plan are recorded as an expenditure in the consolidated statement of operations.

The most recent actuarial valuation prepared by Eckler Partners Ltd. disclosed a solvency deficiency of $158,991 and a going concern deficiency of $117,235 at March 31, 2008. Under the PBA, a going concern deficiency must be funded over a period of not more than 15 years while a solvency deficiency is to be funded over a maximum 5 year period.

The going concern deficiency of $117,235 includes $61,887 in respect of past service costs related to the introduction of indexing in 2004. This indexing liability is being financed under a special PBA provision through both employee and employer contributions over a remaining period of 36.25 years. In accordance with the PBA, the balance of the going concern, namely $55,348, must be liquidated over a period of not more than 15 years. The first annual payment in respect of this balance is $4,300 and is required to be made during the 2008/09 fiscal year.

At present, the University has an exemption under the PBA from making payments relating to the solvency deficiency. This exemption expires December 31, 2010.

Other post-employment benefits

The University accrues its obligations for employee benefit plans. The employee future benefits earned by employees are actuarially determined using the projected benefit method pro-rated on service and administration's best estimate of salary escalation, retirement ages of employees and escalation in covered benefit expense outlays.

The University recognizes the cost of the Supplemental Retirement Income Plan ("SRIP"), the Voluntary Early Retirement Income Plan ("VERIP") and the cost of future employee benefits which include severance, accrued vacation, group life insurance and health care benefits.

Agency obligations

The University acts as an agent which holds resources and makes disbursements on behalf of various unrelated groups. The University has no discretion over such agency transactions. Resources received in connection with such agency transactions are reported as liabilities and subsequent distributions are recorded as decreases to these liabilities.

3. CHANGES IN ACCOUNTING POLICY

On April 1, 2007, the University adopted the Canadian Institute of Chartered Accountants' ("CICA") revised standards on recognition and measurement and presentation of financial instruments. The standards are titled 3855: Financial Instruments – Recognition and Measurement and CICA 3861: Financial Instruments – Disclosure and Presentation. The changes in the accounting policies were applied retroactively without restatement in accordance with Canadian GAAP.

Upon adoption, the University has elected to review contracts for embedded derivatives subsequent to the elected transition date of January 1, 2003 in accordance with Section 3855. Under the new standards, financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the University's designation of such instruments. The standards require that all financial assets be classified either as held-for-trading ("HFT"), available-for-sale ("AFS"), held-to-maturity ("HTM"), or loans and receivables and all financial liabilities to be classified as either HFT or other liabilities ("OL"). Subsequent to initial recognition, the standards require that all financial assets and financial liabilities be measured at fair value with the exception of loans and receivables, securities classified as HTM, liabilities classified as OL, and AFS financial assets that do not have quoted market prices in an active market. These are measured at amortized cost using the effective interest method ("EIM").

Classification of financial instruments

The University has designated its financial instruments as shown in the following table. Subsequent to fair value recognition on April 1, 2007, the financial instruments will be measured as follows based on their classification.

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Investments	Held for trading	Fair value
Accrued interest receivable	Loans and receivables	Amortized cost using EIM
Accounts receivable	Loans and receivables	Amortized cost using EIM
Long-term receivable	Loans and receivables	Amortized cost using EIM
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost using EIM
Bank indebtedness	Other financial liabilities	Amortized cost using EIM
Long-term debt	Other financial liabilities	Amortized cost using EIM

Held-for-trading

HFT financial assets are financial assets typically acquired for resale prior to maturity. They are measured at fair value at the balance sheet date. Interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses from market fluctuations are included in the consolidated statement of operations.

Loans and receivables

Loans and receivables are accounted for at amortized cost using EIM.

Other liabilities

Other liabilities are recorded at amortized cost and include all liabilities and long-term debt.

Investments

On April 1, 2007, the University re-measured all HFT investments as required by the transitional provisions of CICA 3855 and since the carrying value was lower than the fair value, investments were increased by $6,950. Under the new rules, the University will continue to re-measure investments at fair value at each reporting period. Changes in fair value of the investments will result in adjustments directly to the consolidated statement of operations.

Embedded derivatives

In accordance with Section 3855, the University conducted a search for embedded derivatives in its contractual arrangements dated or modified subsequent to January 1, 2003. When certain conditions are met, an embedded derivative is separated from the host contract and accounted for separately as a derivative on the consolidated balance sheet at fair value. Because there are no embedded derivatives at this time, this rule has no impact on the consolidated financial statements of the University.

Net result of adopting financial instruments standard

The net adjustment was a $3,345 increase to net assets consisting of a $6,950 increase in opening net deficiency offset by an unrealized loss in the consolidated statement of operations of $3,605 for the year ended March 31, 2008.

Section 3861, Financial Instruments – Disclosure and Presentation, replaced CICA Section 3860, which had the same title. The Section establishes standards for the presentation of financial instruments and non-financial derivatives and identifies all related information that should be disclosed.

4. CAPITAL ASSETS

	2008			2007
	Cost $	Accumulated depreciation $	Net book value $	Net book value $
Buildings	205,833	114,105	91,728	85,079
Furniture and equipment	75,122	37,301	37,821	35,659
Computers	28,197	21,097	7,100	6,792
Banner finance	1,722	1,214	508	635
Vehicles	3,015	1,714	1,301	839
Library collection	118,924	88,393	30,531	31,276
	432,813	263,824	168,989	160,280

Capital assets include certain assets under capital lease with a net book value of $2.876 million (2007 - $2.415 million).

5. DEFERRED CONTRIBUTIONS

Expenses of future periods

Deferred contributions related to expenses of future periods represent unspent externally restricted grants and donations for research and programs.

	2008 $	2007 $
Balance, beginning of year	**49,834**	40,869
Grants and donations received during the year	**45,229**	57,731
Expenses incurred during the year	**-46,025**	-48,766
	49,038	49,834

Capital assets

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the consolidated statement of operations.

	2008 $	2007 $
Balance, beginning of year	**154,699**	150,492
Additional contributions received	**19,387**	25,728
Less amounts amortized to revenue	**-20,801**	-21,521
	153,285	154,699

March 31, 2008
(thousands of dollars)

Total deferred contributions

	2008 $	2007 $
Expenses of future periods	**49,038**	49,834
Capital assets	**153,285**	154,699
	202,323	204,533

6. INVESTMENTS

	2008 $		2007 $	
	Cost	**Fair Value**	**Cost**	**Fair Value**
Fixed income	**32,496**	**33,264**	30,125	31,468
Equities	**28,577**	**31,155**	27,327	32,934
	61,073	**64,419**	57,452	64,402

	2008 $	2007 $
Investment income	**7,613**	6,491
Unrealized loss on investments	**-3,605**	—
Related expenses	**-1,109**	-545
	2,899	5,946

March 31, 2008
(thousands of dollars)

7. LONG-TERM DEBT

	2008 $	2007 $
RBC Royal Bank, fixed term demand loan, 5.19% interest, repayable in 9 equal annual, blended payments of $121, maturing in April 2012, unsecured	**524**	613
CMHC mortgage on Queen's College, 5.875% interest, repayable in 50 equal, blended payments of $29 semi-annually, maturing in June 2019, secured	**451**	482
Capital leases negotiated through the Royal Bank, interest rates vary, payable in equal annual instalments, secured by assets under lease	**824**	359
	1,799	1,454
Less current portion	**763**	1,003
	1,036	451

Annual repayments of long-term debt over the next five years are as follows:

	$
2009	763
2010	345
2011	333
2012	44
2013	44

8. BANK INDEBTEDNESS

Pursuant to Section 41 of the Memorial University Act, the University has received approval from the Lieutenant-Governor in Council to borrow to finance a capital project. The project involved the construction of a new residence complex for Sir Wilfred Grenfell College. Currently the Sir Wilfred Grenfell College Residence debt has been negotiated using bankers' acceptances which mature during 2008. Management expects to refinance this loan through bankers' acceptances for the balance of the term of the loan.

9. MEMORIAL UNIVERSITY ACT

In accordance with the Memorial University Act, the University is normally prohibited from recording a deficit on their financial statements. During 1996, pursuant to Section 36 of the Memorial University Act, the University received approval from the Lieutenant-Governor in Council to record a deficit of up to $5 million in 1996 and an additional $10 million in 1997 as a result of the recognition of the liabilities related to VERIP for faculty and staff. During 2001, the University received approval from the Lieutenant-Governor in Council to exclude from the definition of a deficit, pursuant to Section 36 of the Memorial University Act, any amounts resulting from the recognition of the liabilities related to recording vacation pay entitlements, severance and any other post-employment benefits.

10. CONTINGENCIES

(a) Reciprocal exchange of insurance risks

The University, in association with fifty-six Canadian universities, participates in a reciprocal exchange ("CURIE") of insurance risks. The self-insurance cooperative involves a contractual agreement to share the insurance property and liability risks of member universities for a term of not less than five years.

The projected cost of claims will be funded through members' premiums based on actuarial projections. As of December 31, 2007, CURIE has a surplus of $64 thousand, of which the University's prorata share is approximately 3% on an ongoing basis. In addition, the reciprocal has obtained $645 million re-insurance with commercial insurers to cover major property claims in excess of $5 million per occurrence.

In respect of general liability, the limit is $5 million per occurrence. Re-insurance for liability coverage in the amount of $20 million in excess of a $5 million per occurrence retention is in place.

In respect of errors and omissions liability policy, the limit is $5 million per occurrence. Re-insurance for errors and omissions was purchased through a combined excess program with general liability in the amount of $20 million.

As the originating insurer, CURIE has a contingent liability in the event that a re-insurer is unable to meet its obligations. In this respect, all re-insurance is placed with insurers registered in Canada and subject to supervision by the Office of the Superintendent of Financial Institutions Canada.

In the event that premiums are not sufficient to cover claims settlements, the member universities would be subject to an assessment in proportion to their participation.

(b) Class action lawsuit

In 2007, a class action lawsuit was filed on behalf of all former employees of the University who retired or terminated employment on or before December 31, 1992 and were entitled to receive post-retirement life, health and dental group insurance benefits. The lawsuit alleges that this group of retirees were entitled to receive these insurance benefits for life, at no cost to the group of retirees. Presently, a decision is pending from the court as to whether this matter should be certified as a class action suit. The University continues to defend its position and the potential exposure to this claim is indeterminable at the present time.

11. EMPLOYEE FUTURE BENEFITS

The University has a number of defined benefit and defined contribution plans providing group life insurance and health care benefits on a cost shared basis to retired employees, and in certain cases, their surviving spouses. In addition, the University pays a severance payment, to certain employee groups, upon termination, retirement or death, provided they meet certain eligibility criteria.

In May 1996, the Board of Regents approved a SRIP to provide benefits to employees of the University whose salaries exceed the Canada Revenue Agency maximum pensionable salary and whose defined benefit pension, therefore, exceeds the maximum benefit payable from the Plan.

In February and May 1996, the University offered faculty and staff, who reached the age 55 and attained a minimum of 10 years pensionable service, an opportunity to take an early retirement under the provisions of the VERIP.

Subject to eligibility criteria, the Plan provided an incentive of enhanced pension benefits of up to five years pensionable service and waiver of actuarial reduction, if applicable, or a lump sum early retirement payment. The early retirement incentive is being funded from operations.

The significant actuarial assumptions used in measuring the University's accrued benefit obligation under each plan are as follows:

Employee future benefits

Include a discount rate of 5.6% and an average rate of compensation increase of 4.5%.

March 31, 2008
(thousands of dollars)

Supplemental retirement income plan (SRIP)

Include a discount rate of 5.6% and an average compensation increase of 4.5%.

Voluntary early retirement income plan (VERIP)

Include a discount rate of 5.6%.

	SRIP		VERIP		Other benefits	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**
	$	**$**	**$**	**$**	**$**	**$**
Accrued benefit obligation						
Balance, beginning of year	**3,698**	3,691	**5,455**	5,726	**81,351**	70,672
Current service cost	**122**	129	**—**	—	**3,393**	3,112
Interest cost	**259**	258	**437**	435	**4,257**	4,061
Benefits paid	**-238**	-204	**-595**	-587	**-2,829**	-2,498
Actuarial loss (gain)	**1,609**	-176	**1,253**	-119	**2,038**	6,004
	5,450	3,698	**6,550**	5,455	**88,210**	81,351
Current plan expense						
Current service expense	**122**	129	**—**	—	**3,393**	3,112
Interest cost	**259**	258	**437**	435	**4,257**	4,061
Actuarial (gain) loss	**1,609**	-176	**1,253**	-119	**2,038**	6,004
	1,990	211	**1,690**	316	**9,688**	13,177

A summary of these accrued benefit obligations are as follows:

	2008 $	2007 $
Employee future benefits	**88,210**	81,351
Supplemental retirement income plan	**5,450**	3,698
Voluntary early retirement income plan	**6,550**	5,455
Accrued vacation	**9,725**	9,234
	109,935	99,738
Less current portion	**10,371**	9,901
Long-term employee future benefits	**99,564**	89,837

12. COMPARATIVE FIGURES

Certain of the 2007 comparative figures have been reclassified to conform to the financial statement presentation adopted in 2008.

GrantThorton

Consolidated Financial Statements

Multi-Materials Stewardship Board

March 31, 2008

Grant Thornton

Auditors' report

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To the Directors of the

Multi-Materials Stewardship Board

We have audited the consolidated statement of financial position of the Multi-Materials Stewardship Board at March 31, 2008, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at March 31, 2008, and the consolidated results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland and Labrador

June 9, 2008

Chartered Accountants

Multi-Materials Stewardship Board

Consolidated Statement of Operations

Year Ended March 31	2008	2007
Revenue		
Gross revenue from deposits	$ 19,067,314	$ 18,251,452
By-product revenue	2,210,029	2,427,746
Residential Backyard Composting Program	72,809	123,504
Household Hazardous Waste Program	66,596	67,701
Grant Revenue, Environment Canada	-	25,000
	21,416,748	20,895,403
Cost of sales (Note 8)	16,984,930	16,709,861
Gross margin	4,431,818	4,185,542
Miscellaneous income	663,484	801,418
Income before expenses	5,095,302	4,986,960
Expenses		
Administrative (Page 13)	2,514,985	2,324,130
Grant disbursements	1,133,647	711,774
	3,648,632	3,035,904
Excess of revenue over expenses	$ 1,446,670	$ 1,951,056

See accompanying notes to the consolidated financial statements

Multi-Materials Stewardship Board

Consolidated Statement of Changes in Net Assets

Year Ended March 31

	2008			2007
	Invested in Capital Assets	Unrestricted Net Assets	**Total**	Total
Net assets, beginning of year	$ 261,865	$ 17,226,706	**$ 17,488,571**	$15,537,515
Excess of revenue over expenses	(139,827)	1,586,497	**1,446,670**	1,951,056
Investments in capital assets	287,922	(287,922)	-	-
Net assets, end of year	$ 409,960	$ 18,525,281	**$ 18,935,241**	$17,488,571

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Financial Position

March 31	2008	2007
Assets		
Current		
Cash and cash equivalents	$ 18,603,196	$ 17,261,255
Receivables (Note 4)	2,950,951	2,270,575
Inventories	118,918	199,815
Prepaids	53,707	51,560
	21,726,772	19,783,205
Long term investments	445,396	433,090
Note receivable	-	60,000
Property and equipment (Note 5)	409,960	261,865
	$ 22,582,128	$20,538,160
Liabilities		
Current		
Payables and accruals	$ 590,840	$ 706,006
Grants payable	984,412	423,692
Unearned revenue (Note 3(i))	1,615,159	1,486,801
	3,190,411	2,616,499
Performance bonds payable	456,476	433,090
	3,646,887	3,049,589
Net Assets		
Net assets invested in capital assets	409,960	261,865
Unrestricted net assets	18,525,281	17,226,706
	18,935,241	17,488,571
	$ 22,582,128	$20,538,160

Commitments (Note 7)

On behalf of the Board

_______ Chairperson Edward Delaney Director

See accompanying notes to the consolidated financial statements

Multi-Materials Stewardship Board

Consolidated Statement of Cash Flows

Year Ended March 31	2008	2007
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenses	$ 1,446,670	$ 1,951,056
Depreciation	115,338	103,346
Loss (gain) on disposal of equipment	24,489	(206,550)
	1,586,497	1,847,852
Change in non-cash operating working capital (Note 6)	(27,714)	(210,633)
	1,558,783	1,637,219
Financing		
Increase in performance bonds payable	23,386	12,061
Investing		
Increase in long term investments	(12,306)	(12,061)
Purchase of property and equipment	(287,922)	(40,708)
Proceeds on disposal of equipment		326,001
Decrease in note receivable	60,000	-
	(240,228)	273,232
Net increase in cash and cash equivalents	1,341,941	1,922,512
Cash and cash equivalents		
Beginning of year	17,261,255	15,338,743
End of year	$ 18,603,196	$17,261,255

See accompanying notes to the consolidated financial statements

1. Nature of operations

The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Environmental Protection Act. This Board manages the Used Beverage Container Deposit Refund System, the Used Tire Recycling Program, the Residential Backyard Composting Program, and the Newfoundland and Labrador Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to support and promote the protection, enhancement and wise use of the environment through waste management programs.

The corporation is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

2. Basis of consolidation

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board, the Residential Backyard Composting Program, and the Newfoundland and Labrador Waste Management Trust Fund.

The Multi-Materials Stewardship Board - Newfoundland and Labrador Waste Management Trust Fund is a restricted fund, managed by the Board, and its accounts have been grouped in these financial statements for consolidated purposes. Effective April 1, 2006, the accounts of the Household Hazardous Waste Program were combined with the accounts of the Newfoundland and Labrador Waste Management Trust Fund. Separate audited financial statements have been issued for this Trust Fund, with an audit report date of June 9, 2008.

The accounts of the Residential Backyard Composting Program have also been grouped in these financial statements for consolidated purposes. Separate audited financial statements have also been issued for this Program with an audit report date of June 9, 2008.

3. Summary of significant accounting policies

(a) Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

- i) property and equipment are recorded at cost, net of proceeds on disposal;
- ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
- iii) depreciation of property and equipment and gains (losses) on disposal are included in the net assets invested in capital assets account

3. **Summary of significant accounting policies** (cont'd)

(b) Use of estimates

In preparing the Board's consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less.

(d) Revenue recognition

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts.

By product revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Revenue from the sale of compost bins is recognized when the bins are sold by the depots or to municipalities.

Revenue from the Household Hazardous Waste Program is recognized as the municipalities are invoiced and collection is reasonably assured.

Grant revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until the future period when related costs have been incurred.

Miscellaneous income (including interest income) is recognized as earned.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value.

(f) Long term investments

Investments in guaranteed investment certificates are restricted to repay performance bonds at the end of the contracts if all conditions have been met by the parties involved.

3. Summary of significant accounting policies (cont'd.)

(g) Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Office furniture and equipment	20%, declining balance
Leasehold improvements	5 years, straight line
Computer hardware	30%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance
Vehicle	30%, declining balance

(h) Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

(i) Unearned revenue

Unearned revenue consists of deposits on containers yet to be returned for redemption and recycling. The amount recorded by the Board as unearned revenue consists of sixty days of deposits received from distributors, adjusted by an estimated recovery rate of 68% (March 31, 2007 – 68%).

Accounting standards and policies adopted during the year

(i) Accounting changes

In July 2006, the Canadian Institute of Chartered Accountants ("CICA") issued section 1506 of the CICA Handbook, "Accounting Changes", which describes the criteria for changing accounting policies, along with the accounting and disclosure for changes in accounting policies, changes in accounting estimates and correction of errors. These changes came into effect as of January 1, 2007 and are applicable for the Board's year ended March 31, 2008.

(ii) Financial instruments - Recognition and Measurement

On April 1, 2007, the Board implemented the CICA Handbook Sections 3855, "Financial Instruments - Recognition and Measurement" and 3861, "Financial Instruments - Disclosure and Presentation". These standards have been applied without restatement of prior years. There are no transitional adjustments resulting from these standards to be recognized in the opening balance of net assets.

3. **Summary of significant accounting policies** (cont'd)

CICA Section 3855, "Financial Instruments - Recognition and Measurement", requires the Board to revalue all of its financial assets and liabilities at fair value on the initial date of implementation and at each subsequent financial reporting date.

This standard also requires the Board to classify financial assets and liabilities according to their characteristics and management's choices and intentions related thereto for the purposes of ongoing measurements. Classification choices for financial assets include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings; b) held to maturity - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired; c) available-for-sale - measured at fair value with changes in fair value recognized in other comprehensive income for the current period until realized through disposal or impairment; and d) loans and receivables - recorded at amortized cost with gains and losses recognized in net earnings in the period that the asset is no longer recognized or impaired.

Classification choices for financial liabilities include: a) held for trading - measured at fair value with changes in fair value recorded in net earnings and b) other - measured at amortized cost with gains and losses recognized in net earnings in the period that the liability is no longer recognized.

Subsequent measurement for these assets and liabilities are based on either fair value or amortized cost using the effective interest method, depending upon their classification. Any financial asset or liability can be classified as held for trading as long as its fair value is reliably determinable.

In accordance with the new standard, the Board's financial assets and liabilities are classified and measured as follows:

Asset/Liability	Classification	Measurement
Cash and cash equivalents	Held for trading	Fair value
Receivables	Loans and receivable	Amortized cost
Long term investments and performance bonds payable	Held for trading	Fair value
Payables and accruals	Other financial liabilities	Amortized cost

Other balance sheet accounts, such as inventories, prepaids, property and equipment and unearned revenue are not within the scope of the new accounting standards as they are not financial instruments.

Embedded derivatives are required to be separated and measured at fair values if certain criteria are met. Under an election permitted by the new standard, management reviewed contracts entered into or modified subsequent to April 1, 2007 and determined that the Board does not currently have any significant embedded derivatives in its contracts that require separate accounting treatment.

3. Summary of significant accounting policies (cont'd)

The fair value of a financial instrument is the estimated amount that the Board would receive or pay to terminate the instrument agreement at the reporting date. To estimate the fair value of each type of financial instrument various market value data were used as appropriate. The fair values of cash approximated its carrying value.

(iii) Financial instruments – Disclosure and Presentation

Section 3861, "Financial Instruments – Disclosure and Presentation", which replaces CICA Section 3860, of the same title, establishes standards for the presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

There were no adjustments to the financial statements required as a result of the adoption of the above noted financial instruments policies.

Future changes in accounting policies

(i) Financial Instruments – Disclosure and Presentation

CICA Section 3862 "Financial Instruments – Disclosure" and CICA Section 3863 "Financial Instruments –Presentation" replaces CICA Section 3861, "Financial Instruments – Disclosure and Presentation". CICA Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. CICA Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. These standards are effective for financial statements relating to fiscal years beginning on or after October 1, 2007.

(ii) Inventories

In March 2007, the CICA issued section 3031 "Inventories", which has replaced existing Section 3030 with the same title. The new Section establishes that inventories should be measured at the lower of cost and net realizable value, with guidance on the determination of cost. This standard is effective for financial statements relating to fiscal years beginning on or after January 1, 2008.

The Board does not expect the adoption to these standards to have a significant impact on its financial disclosure and results of operations.

4. Receivables

	2008	2007
Deposits	$ 2,696,515	$ 1,825,470
Trade and other	254,436	445,105
	$ 2,950,951	$ 2,270,575

5. Property and equipment

			2008	2007
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office furniture and equipment	$ 116,350	$ 57,202	$ 59,148	$ 51,193
Leasehold improvements	8,912	1,538	7,374	-
Computer hardware	196,716	54,329	142,387	63,724
Computer software	220,556	154,451	66,105	65,675
Bags and tubs	346,356	222,285	124,071	75,819
Vehicle	33,142	22,267	10,875	5,454
	$ 922,032	$ 512,072	$ 409,960	$ 261,865

6. Supplemental cash flow information

Change in non-cash operating working capital

	2008	2007
Receivables	$ (680,376)	$ (28,533)
Inventories	80,897	26,911
Prepaids	(2,147)	5,822
Payables and accruals	(115,166)	(3,749)
Grants payable	560,720	(140,117)
Unearned revenue	128,358	(70,967)
	$ (27,714)	$ (210,633)

7. Commitments

The Board is committed to minimum annual lease payments for property and equipment for the next five years as follows: 2009 - $293,761; 2010 - $214,001; 2011 - $213,479; 2012 - $212,456; and 2013 - $49,453

The Board has entered into the following agreements:

(i) processing and transportation of beverage containers to March, 2009;
(ii) collection of used tires in Labrador West area to April, 2012;
(iii) collection and transportation of used tires in the island portion of Newfoundland and Labrador and the Labrador Straits to February, 2010;
(iv) collection of used tires in Happy Valley-Goose Bay area to February, 2010;
(v) transportation of used tires from Labrador to Quebec-based recycler to May, 2010; and,
(vi) recycling of used tires collected in Labrador to May, 2010.

8. Cost of sales

In June 2004, the Board terminated its contract under the Used Tire Recycling Program with its previous contractor. Subsequent to this termination, the Board assumed responsibility for the Program and implemented a contingency plan for the storage of used tires. Included in the cost of sales is $662,535 of interim contingency costs for the storage of used tires. The costs will be incurred until the Board is able to make alternate arrangements under the Used Tire Recycling Program

Multi-Materials Stewardship Board

Consolidated Schedule of Administrative Expenses

Year Ended March 31	2008	2007
Advertising	$ 92,613	$ 181,211
Doubtful accounts	60,000	-
Depreciation	115,338	103,346
Directors' remuneration	18,121	20,399
Dues, licenses and education	31,796	13,193
Equipment rental	25,866	12,559
Insurance	9,219	15,449
Interest and bank charges	11,688	10,162
Marketing and communications	707,272	530,669
Meetings and entertainment	6,055	6,085
Miscellaneous	4,384	17,247
Professional fees	154,193	163,250
Rent	113,337	86,419
Repairs and maintenance	6,218	913
Rocaps supplies	26,333	49,374
Stationery and office supplies	57,109	25,945
Telecommunications	31,882	23,075
Travel – board and staff	61,596	98,033
Vehicle operating	15,165	20,088
Wages and benefits	966,800	946,713
	$ 2,514,985	$ 2,324,130

MUNICIPAL ASSESSMENT AGENCY INC.

FINANCIAL STATEMENTS

Year ended March 31, 2008

JOHN F. MORGAN

Chartered Accountant
Suite 901, TD Place, 140 Water Street
St. John's, NL A1C 6H6
Office: (709) 576-6776
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AUDITORS' REPORT

To the Shareholder of
Municipal Assessment Agency Inc.

We have audited the balance sheet of Municipal Assessment Agency Inc. as at March 31, 2008, and the statements of revenue, expenses and equity and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2008, and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANT

St. John's, Newfoundland
May 20, 2008

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET
AS AT MARCH 31, 2008

ASSETS

	2008	2007
CURRENT ASSETS:		
Cash	$ 403,454	$1,483,234
Accounts receivable (note 2)	254,123	194,904
Current portion of long term receivables (note 3)	43,880	37,987
Prepaid expenses	55,867	56,629
	757,324	1,772,754
Long term receivables (note 3)	71,131	25,876
Severance reserve fund (note 4)	789,917	755,694
Capital assets (note 5)	1,400,454	322,387
	$3,018,826	$2,876,711

LIABILITIES AND SHAREHOLDER'S EQUITY

	2008	2007
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 169,659	$ 144,518
Accrued vacation pay (note 6)	204,765	189,168
Current portion of deferred contributions – capital (note 7)	-	27,951
	374,424	361,637
Accrued severance pay (note 6)	789,917	755,694
	1,164,341	1,117,331

SHAREHOLDER'S EQUITY

	2008	2007
CAPITAL:		
Authorized and issued		
1 Common share	1	1
Equity from operations	1,854,484	1,759,379
	1,854,485	1,759,380
	$3,018,826	$2,876,711

Commitments and contingencies (note 6 and note 8)

On behalf of the board:

Fred Best

Bruce Borden

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND EQUITY
FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
REVENUES:		
Assessment services	$4,735,197	$4,709,272
Valuation revenue	22,478	12,430
Interest revenue	76,262	87,957
	4,833,937	4,809,659
EXPENSES:		
Salaries	2,868,992	2,698,369
Benefits	599,559	554,621
Travel	308,849	310,627
Information technology	216,782	194,396
Premises and equipment lease	131,259	179,329
Postage and courier	122,728	105,857
Professional fees	91,281	82,431
Telephone	75,837	71,406
Printing	57,408	53,145
Office supplies	42,522	36,555
Repairs and maintenance	23,172	2,492
Advertising and public relations	17,713	27,091
Utilities	17,668	-
Insurance	15,839	14,613
Office relocation	10,477	-
Payroll processing	4,677	4,519
Bank charges	2,441	2,428
Meetings and events	354	-
	4,607,558	4,337,879
Excess of revenues over expenses before the following	226,379	471,780
Provision for severance and vacation pay (note 6)	75,412	94,260
Amortization of deferred contributions - capital (note 7)	(27,951)	(27,951)
Amortization of capital assets	117,630	118,615
Loss on disposal of capital assets	7,173	-
Bad debt expense (recovery)	(40,990)	(71,138)
Excess of revenues over expenses	95,105	357,994
Equity from operations, beginning of year	1,759,379	1,401,385
EQUITY FROM OPERATIONS, END OF YEAR	$1,854,484	$1,759,379

Commitments and contingencies (note 6 and note 8)

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 2008

	2008	2007
OPERATING ACTIVITIES:		
Excess of revenues over expenses	$ 95,105	$ 357,994
Items not affecting cash:		
Amortization of capital assets	117,630	118,615
Amortization of deferred contributions	(27,951)	(27,951)
Increase in long-term receivable	(51,148)	(36,568)
Increase in severance pay accrual	34,223	62,747
Increase in vacation pay accrual	15,597	31,512
Loss on disposition of capital assets	7,173	-
Net change in non-cash working capital balance	(33,316)	(121,596)
CASH PROVIDED BY OPERATING ACTIVITIES	157,313	384,753
INVESTING ACTIVITIES:		
Purchase of capital assets	(1,203,155)	(89,560)
Proceeds from disposition of capital assets	285	-
CASH USED IN INVESTING ACTIVITIES	(1,202,870)	(89,560)
Increase (decrease) in cash position	(1,045,557)	295,193
Cash position, beginning of year	2,238,928	1,943,735
CASH POSITION, END OF YEAR	$1,193,371	$2,238,928

Cash is represented by:		
Operating cash	$ 403,454	$1,483,234
Severance reserve fund	789,917	755,694
	$1,193,371	$2,238,928

Commitments and contingencies (note 6 and note 8)

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

General:

Effective April 2, 1997, the Municipal Assessment Agency Inc. (the "Corporation") was incorporated under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

The Corporation has one common share with a par value of $1.00 issued to the Minister of Municipal and Provincial Affairs, Government of Newfoundland and Labrador.

The Corporation is a crown corporation and, accordingly, is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

1. Summary of significant accounting policies:

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

(a) Capital assets

Capital assets purchased by the Corporation are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%
Buildings	4%

The Corporation is currently using furniture, equipment and computers provided by the Department. As title to these assets have not been transferred to the Corporation, they have not been recorded in the accounts.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

1. Summary of significant accounting policies (continued):

(b) Revenue recognition

Government assistance related to acquisition of capital assets is deferred and amortized to income on the same basis as the related capital assets are amortized.

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

(c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Corporation. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

(d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

(e) Fair Value of Financial Instruments

The company has evaluated the fair values of its financial instruments based on the current interest rate environment, related market values and current pricing of financial instruments with comparable terms. The carrying value of its financial instruments is considered to approximate fair value, unless otherwise indicated.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

2. Accounts receivable:

	2008	2007
Trade receivables	$ 214,615	$ 170,982
Accrued interest	3,756	8,034
HST recoverable	65,043	48,011
Employee receivable	2,456	2,968
Allowance for doubtful accounts	(31,747)	(35,091)
	$ 254,123	$ 194,904

3. Long term receivables:

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period of 48 months, provided all future fees are paid on a current basis.

4. Severance reserve fund:

The Agency has internally restricted funds for the accrued severance pay liability, these funds are to be used to pay any accrued severance and not to be used in normal business operations. The restricted funds are held in the Agency's operating account that bears interest.

5. Capital assets:

	2008			2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	$ 433,034	$ 316,029	$ 117,005	$ 144,567
Furniture and equipment	250,134	134,960	115,174	102,756
Integrated assessment system	1,109,343	1,014,565	94,778	69,137
Buildings	879,771	17,595	862,176	-
Land	211,321	-	211,321	5,927
	$2,883,603	$1,483,149	$1,400,454	$ 322,387

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

6. Severance and vacation pay:

As at the time of incorporation, the Corporation assumed liabilities for severance pay, vacation and accrued overtime associated with employees transferred to the Corporation resulting in an opening deficit in the amount of $366,950. During fiscal 2001, an agreement was reached with the province to fund this liability by a payment of $160,000, which represented the present value of the liability as calculated by management.

The provision for severance and vacation pay consists of the following:

Severance pay	2008	2007
Opening balance	$ 755,694	$ 692,947
Current year expense	59,815	62,747
Usage	(25,592)	-
Closing balance	$ 789,917	$ 755,694

Vacation pay	2008	2007
Opening balance	$ 189,169	$ 157,656
Current year expense	15,596	31,513
Closing balance	$ 204,765	$ 189,169

7. Deferred Contributions - Capital:

The Corporation received Government funding in prior years that was deferred for future operating expenses and capital expenditures. During the year, the Corporation recognized the following deferred contributions.

	2008	2007
Opening balance	$ 27,951	$ 55,902
Capital contribution recognized	27,951	27,951
Closing balance	$ -	$ 27,951

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008

8. Commitments:

The Agency has a lease for office space in Corner Brook, Newfoundland. The term of the lease is 5 years, starting September 28, 2007, with the option to renew for a further term of up to 5 years. The monthly rental fee is $4,210.69.

The Agency has a lease for office space in Conception Bay South, Newfoundland. The term of the lease is 2 years, starting September 1, 2007. The monthly rental fee is $350.

9. Comparative Figures:

Certain comparative figures have been reclassified to conform to the current year's presentation.